



Global Environment Facility

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June 11, 2008

Dear Council Member,

The World Bank as the Implementing Agency for the project entitled: ***Niger: SIP-Community Driven SLM for Environmental and Food Security*** under the ***Strategic Investment Program for SLM in Sub-Saharan Africa***, has submitted the attached proposed project document for CEO endorsement prior to final Agency approval of the project document in accordance with the World Bank procedures.

The Secretariat has reviewed the project document. It is consistent with the project concept approved by the CEO and the proposed project remains consistent with the Instrument and GEF policies and procedures. The attached explanation prepared by the UNDP satisfactorily details how Council's comments and those of the STAP have been addressed.

If by July 8, 2008, I have not received requests from at least four Council Members to have the proposed project reviewed at a Council meeting because in the Member's view the project is not consistent with the Instrument or GEF policies and procedures, I will complete the Secretariat's assessment with a view to endorsing the proposed project document.

We have today posted the proposed project document on the GEF website at www.TheGEF.org. If you do not have access to the Web, you may request the local field office of UNDP or the World Bank to download the document for you. Alternatively, you may request a copy of the document from the Secretariat. If you make such a request, please confirm for us your current mailing address.

Sincerely,

A handwritten signature in black ink, appearing to read 'M. Barbut', with a long horizontal line extending to the right.

Attachment: Project Document
cc: Alternates, GEF Agencies, STAP, Trustee



REQUEST FOR CEO ENDORSEMENT/APPROVAL

PROJECT TYPE: FULL SIZED PROJECT

THE GEF TRUST FUND

Submission Date: May 27, 2008

Re-submission Date: June 9, 2008

PART I: PROJECT INFORMATION

GEFSEC PROJECT ID: 3382

GEF AGENCY PROJECT ID: P107841

COUNTRY(IES): Niger

PROJECT TITLE: SIP: Community Driven SLM for Environmental and Food Security

GEF AGENCY(IES): World Bank, (select), (select)

OTHER EXECUTING PARTNER(S):

GEF FOCAL AREA(S): Land Degradation, (select), (select),

GEF-4 STRATEGIC PROGRAM(S): LD-SP1

NAME OF PARENT PROGRAM/UMBRELLA PROJECT:

STRATEGIC INVESTMENT PROGRAM FOR SLM IN SUB-SAHARAN AFRICA (SIP)

Expected Calendar	
Milestones	Dates
Work Program (for FSPs only)	June 2007*
Agency Approval date	July 2008
Implementation Start	Oct 2008
Mid-term Evaluation (if planned)	Dec 2010 (expected)
Project Closing Date	Oct 2012 (expected)

SIP Approved

A. PROJECT FRAMEWORK -

Project Objective: Reduce land degradation and promote sustainable land management (SLM) in Niger, leading to improved human well-being and increased provision and productivity of local and global ecosystem services such as agricultural production, increased vegetative cover on cropland and rangeland, and carbon sequestration

Project Components	Indicate whether Investment, TA, or STA**	Expected Outcomes	Expected Outputs	GEF Financing*		Co-financing*		Total (\$) c=a+ b
				(\$ a)	%	(\$ b)	%	
1. Capacity Building	TA	Improved capacity of communes to address priority needs of communities, mobilize adequate resources, implement and monitor local development activities.	<p>Percentage of targeted communes that design /update their CDP according to the National Planning Guide</p> <p>Percentage of targeted communes using the RDS methodological guide to plan SLM activities</p> <p>Percentage of targeted communes that organize annually public meetings during which they report on their activities</p> <p>Percentage of targeted communes that adjust their CDP and AIP based on feed back from communities</p> <p>Percentage of targeted communes that set up</p>	1.16	15.20	6.47	84.80	7.63

		<p>adequate measures to ensure sustainability of micro projects (management committees, maintenance fund and technical assistance contracts)</p> <p>Percentage of communes with more than 80% of micro-projects implemented in compliance with financing agreements</p> <p>Improved the institutional and legal framework for participatory local development</p> <p>Percentage of communes in which more than 50% of the population are aware of communes' priority activities, budget and resource management</p> <p>. (delivers on SIP IRs 1, 2 and 4)</p> <p>Percentage of targeted communes mobilizing more than 30% of internal and other resources to co-finance the AIP</p> <p>Percentage of communes in which technical audits are satisfactory and financial audits are unqualified</p> <p>Percentage of communes that publicize on their bulletin board each transfer of funds received from the project in less than 7days after the transfer is effective.</p> <p>Hectares of land reclamation and protection</p> <p>Hectares of Acacia Senegalensis under the Biocarbon fund transaction</p>						
2. Local Investment Fund	Invest.	Communes and Communities receive and account for funds in timely and transparent manner	<p>Percentage of communes with more than 80% of micro-projects implemented in compliance with financing agreements</p> <p>Percentage of communes in which more than 50%</p>	3.0	9.43	28.8	90.57	31.8

		(delivers on SIP IR1 and IR2)	<p>of the population are aware of communes' priority activities, budget and resource management</p> <p>Percentage of targeted communes mobilizing more than 30% of internal and other resources to co-finance the AIP</p> <p>Percentage of communes in which technical audits are satisfactory and financial audits are unqualified</p> <p>Percentage of communes that publicize on their bulletin board each transfer of funds received from the project in less than 7days after the transfer is effective.</p> <p>Hectares of land reclamation and protection</p> <p>Hectares of Acacia Senegalensis under the Biocarbon fund transaction</p>					
3. Project Coordination, Management, Monitoring and Evaluation		Efficient management, monitoring and evaluation of project and dissemination of implementation results (delivers on SIP IR4)	<p>Percentage of communes that submits quarterly M&E reports on time</p> <p>Project bi-annual implementation progress reports are disseminated to public services Donors and other relevant stakeholders.</p> <p>Number of collaboration agreements signed with other projects at the regional level which are satisfactorily implemented</p> <p>Annual audit opinion has been unqualified.</p>	0.51	9.37	5.03	90.63	5.54
Total Project Costs				4.67	10.4	40.30	89.6	44.97

* List the \$ by project components. The percentage is the share of GEF and Co-financing respectively to the total amount for the component.

** TA = Technical Assistance; STA = Scientific & technical analysis.

B. FINANCING PLAN SUMMARY FOR THE PROJECT (\$)

	<i>Project Preparation a</i>	<i>Project Grant b</i>	<i>Total c = a + b</i>	<i>Agency Fee</i>	<i>For the record: Project Grant at PIF</i>
GEF	0	4,67	4,67	0,42	5,09
Co-financing	0	40,30	40,30		30,25
Total	0	44,97	44,97	0,42	35,34

C. SOURCES OF CONFIRMED CO-FINANCING FOR PROJECT PREPARATION AND PROJECT

<i>Name of co-financier (source)</i>	<i>Classification</i>	<i>Type</i>	<i>Project Preparation</i>	<i>Project</i>	<i>Total</i>	<i>%*</i>
Government of Niger	National Government Contribution	Cash	0	6,60	6,60	16.37%
GEF Agency (World Bank)	Multilateral Agency	Grant	0	30,00	30,00	74.44%
Beneficiaries	Beneficiaries	Cash and In kind	0	3,70	3,70	9.19%
Total Co-financing			0	40,30	40,30	100%

* Percentage of each co-financier's contribution at CEO endorsement to total co-financing.

D. GEF RESOURCES REQUESTED BY AGENCY(IES), FOCAL AREA(S) AND COUNTRY(IES) – N/A

<i>GEF Agency</i>	<i>Focal Area</i>	<i>Country Name/ Global</i>	<i>(in \$)</i>			
			<i>PPG (a)</i>	<i>Project (b)</i>	<i>Agency Fee (c)</i>	<i>Total d=a+b+c</i>
(select)	(select)					
(select)	(select)					
Total GEF Resources						

* No need to provide information for this table if it is a single focal area, single country and single GEF Agency project.

E. PROJECT MANAGEMENT BUDGET/COST

<i>Cost Items</i>	<i>Total Estimated person months</i>	<i>GEF (\$)</i>	<i>Other sources (\$)</i>	<i>Project total (\$)</i>
<i>Local consultants*</i>	96	165,500.0	2,584,300.0	2,749,800.0
<i>International consultants*</i>	30	100,000.0	245,700.0	345,700.0
<i>Office facilities, equipment, vehicles and communications*</i>		249,700.0	2,201,600.0	2,451,300.0
<i>Travel*</i>				
Total	126	515,200.0	5,031,600.0	5,546,800.0

* Details provided in Annex C.

F. CONSULTANTS WORKING FOR TECHNICAL ASSISTANCE COMPONENTS:

<i>Component</i>	<i>Estimated person months</i>	<i>GEF(\$)</i>	<i>Other sources (\$)</i>	<i>Project total (\$)</i>
<i>Local consultants*</i>	182	0,32	4,05	4,37
<i>International consultants*</i>	30	0,10	0,30	0,40
Total	212	0,42	4,35	4,77

* Details provided in Annex C.

G. DESCRIBE THE BUDGETED M&E PLAN:

1. The purpose of the project's M&E system are: (i) to promote learning from the project activities leading to improved management of the project and improved selection and performance of similar projects in other contexts; (ii) to ensure accountability of the project to its key and other stakeholders, including the target beneficiaries and (iii) to build M&E capacity within national institutions, to evaluate progress made in implementing the national strategies on decentralization policy and land and natural resource management (UNCCD, UNCCC action plans), and disseminate lessons learned.
2. To align with the Strategic Investment Program (SIP) for sustainable land management in Sub-Saharan Africa, funded by the Global Environment Fund (GEF), relevant indicators from the SIP results framework have been integrated in the Results Framework of this project.

The expected cost for M&E in the project period is US\$ 0.2 million. For further details, please see Annex 3 of the PAD.

PART II: PROJECT JUSTIFICATION:

In line with the principles of the Rural Development Strategy (RDS) and its programs addressing SLM, the government of Niger has requested the TerrAfrica/SIP support to contribute to improving conditions of poor populations and the terrestrial ecosystem services upon which they depend. Under the leadership of UNDP and in close cooperation with WB and IFAD, this support will begin with the development of a SLM Country Investment Strategic Framework (CSIF) at national level which will be translated and adapted to sub-national and local levels in the Maradi, Zinder and Diffa regions by UNDP and IFAD projects. TerrAfrica tools and processes (such as the CSIF and national interministerial committee) will be aligned and integrated with existing ones created through the SDR. The three SIP operations in Niger (PLECO, ARDDI and PAC) have therefore been designed and are being implemented in line with the SDR's priority programs 10 (environmental sustainability) and 13 (land restoration and reforestation). The World Bank IDA/GEF blended operation will deliver targeted investments at local level throughout the country; the UNDP and IFAD operations are geographically focused respectively in the Zinder/Diffa and Maradi regions. The three PIFs were prepared in close coordination among the three agencies and the government to ensure complementarities among the interventions; specifically for site selection. Special caution has been given to avoid overlaps of GEF and other donor funded interventions (refer to Map sent by UNDP).

A. DESCRIBE THE PROJECT RATIONALE AND THE EXPECTED MEASURABLE GLOBAL ENVIRONMENTAL BENEFITS:

Please refer to GEF Project Document Main Text Section I A and Annex 15.

The most important **global benefits** expected from the intervention are: i) an increase in carbon sequestration through SLM practices; ii) an increase in vegetation cover on cropland and rangelands and iii) an improved capacity of stakeholders to carry out sustainable land management practices at all levels that take into account anticipated effects of climate change on the ecosystems upon which communities in Niger are dependent.

B. DESCRIBE THE CONSISTENCY OF THE PROJECT WITH NATIONAL PRIORITIES/PLANS:

Please refer to GEF Project Document Main Text Section A8 and Annex 1 & 2.

C. DESCRIBE THE CONSISTENCY OF THE PROJECT WITH GEF STRATEGIES AND STRATEGIC PROGRAMS:

Please refer to GEF Project Document Annex 15, para 3.

D. OUTLINE THE COORDINATION WITH OTHER RELATED INITIATIVES:

Please refer to GEF Project Document Main Text part III A and annex 2.

E. DESCRIBE THE INCREMENTAL REASONING OF THE PROJECT:

Please refer to GEF Project Document Annex 15 Incremental Cost Analysis.

F. INDICATE RISKS, INCLUDING CLIMATE CHANGE RISKS, THAT MIGHT PREVENT THE PROJECT OBJECTIVE(S) FROM BEING ACHIEVED AND OUTLINE RISK MANAGEMENT MEASURES:

Please refer to GEF Project document Main Text part III Section E for risks and risk mitigation measures.

G. EXPLAIN HOW COST-EFFECTIVENESS IS REFLECTED IN THE PROJECT DESIGN:

The operation's cost-effectiveness may be demonstrated by using community driven mechanism for (i) improving local institutions and planning, (ii) to put land users and communities in the driver's seat for SLM implementation, and (iii) to transfer experience. In addition, cost-effectiveness resides in the emphasis placed by the operation on improving local enabling environments and setting the stage for nationwide up-scaling of SLM via sustained cross-sectoral approaches. During project preparation several other alternatives were also considered for the project's approach towards SLM. These options were rejected because they dealt with either individual beneficiaries or were costly, insufficiently multi-sectoral or centrally-planned and supply-driven therefore failing to foster local ownership and to incorporate active participation of beneficiaries in design and implementation

Additionally, the proposed project would be strategically linked to the IDA grant to maximize cost-effectiveness and benefit from shared costs through a combination of investment, technical assistance, and policy actions at the national and regional levels. The project also offers a high potential to replicate and disseminate lessons and experiences on SLM practices within the region. The Benefits of this IDA/GEF blended operation will accrue from: (i) a single management structure, (ii) common procurement procedures and operations, (iii) an integrated M & E program.

PART III: INSTITUTIONAL COORDINATION AND SUPPORT

A. PROJECT IMPLEMENTATION ARRANGEMENT:

Implementation arrangements for the Second Community Action Program were designed using lessons learned from the first phase and taking into consideration the current institutional framework of the Rural Development Strategy, which is fully supported by this project. These arrangements are based on the following principles: (i) consolidating and scaling up CAP-1' achievement; (ii) flexibility in order to adapt to the Government's projected programmatic approach in the implementation of the RDS; (iii) empowering national and local institutions to carry out their institutional mandates; and (iv) providing a coherent framework for ensuring efficient implementation of project activities and accountability of the various institutions involved in the project implementation. The Ministry for Agriculture Development (MDA) will have the institutional responsibility including the supervision of the project's implementation. For details, please see Annex 6 of the GEF document.

PART IV: EXPLAIN THE ALIGNMENT OF PROJECT DESIGN WITH THE ORIGINAL PIF:


Overall the project remains aligned with the approved PIF. The project objectives and results framework are consistent with the PIF although reworded to make them more focused and measurable. The following changes have been made in the project document during preparation:

1. **Global Objective:** A GEF Global Objective has been defined for the project in order to monitor the global outcomes. Indicators have also been defined for the same.
2. **Project Financing:** the total cost of the project has increased (**from 35.34 to 44.97**) since the PIF stage due to availability of additional co-financing from Government and Beneficiaries. The project preparation has benefited from the WB's new extremely-streamlined procedures allowing the project preparation in 5 months therefore reducing the financing needs for project preparation. As a result no GEF PPG funds was utilized. Further the GEF amount for the project has been increased (from US\$ 4.5 to USD 4.67 Million) in consultation with the GEF secretariat, and in line with the actual approved amount for the Niger project under the SIP

framework to include the unused PPG amount. As a result the component costs have been readjusted to reflect the increase.

3. **Component cost allocations:** the amounts of the components 1 and 3 have decreased respectively from (CP1: 8.2 to 7.63; CP3: 8.3 to 5.54). The amount of the capacity building activities related to Micro-Projects implementation has been transferred to CP2. Furthermore due to availability of additional co-financing and in order to transfer maximum resources to communities the additional funds were added to component 2, and as a result that has increased the component cost from US\$.18.00 m to US\$31.8m. For CP3, the staffing of the Project Management team has been reduced in order to empower the Government's line agencies involved in the project activities to carry out their institutional mandates and guarantee the sustainability of the project achievements and to scale-up local investment.
4. **Additional Indicators** have been included in the result framework to accommodate the increased scope of activities within the components (due to additional co-finance) and to improve tracking the assessment of project activities.

PART V: AGENCY(IES) CERTIFICATION

This request has been prepared in accordance with GEF policies and procedures and meets the GEF criteria for CEO Endorsement.	
 Steve Gorman GEF Agency Coordinator	Christophe Crepin, Regional GEF Coordinator Africa Region
Date: 05/27/2008	Tel. and Email: 1.202.473.9727 ccrepin@worldbank.org

ANNEX A: PROJECT RESULTS FRAMEWORK

PDO	Project Outcome Indicators	Use of Project Outcome Information
Improve Rural Communes capacity to design and implement in a participatory manner Communal Development Plans (CDP) and Annual Investment Plans (AIP) and therefore contributing to enhance rural livelihoods	<p>Percentage of targeted communes for which more than 50% of the population are satisfied with the implementation of the CDP through the Annual Investment Plan (AIP)</p> <p>Percentage of targeted communes that increase the rate of coverage of social services by more than 2% in one of the following three sectors : education, health, potable water</p> <p>Percentage of beneficiaries of income generating activities who increase their revenue by 30%</p>	Assess the need to adjust the planning and implementation of local development activities and the aptitude of Communes to improve their constituencies' livelihoods
GO		
The Global environment objective of the proposed project is to reduce land degradation and promote sustainable land management (SLM) in Niger	<p>Percentage of targeted communes in which more than 200 additional hectares of land are protected and reclaimed</p> <p>Percentage of targeted communes setting up land tenure commissions that start delivering land titles</p>	To assess the increased livelihood and revenues of targeted communities
Intermediate Outcomes	Intermediate Outcome Indicators	Use of Intermediate Outcome Monitoring
Component A: Capacity Building		
Improved capacity of communes to address priority needs of communities, mobilize adequate resources, implement and monitor local development activities	<p>Percentage of targeted communes that design /update their CDP according to the National Planning Guide</p> <p>Percentage of targeted communes using the RDS methodological guide to plan SLM activities</p> <p>Percentage of targeted communes that organize annually public meetings during which they report on their activities</p> <p>Percentage of targeted communes that adjust their CDP and AIP based on feedback from communities</p> <p>Percentage of targeted communes that set up adequate measures to ensure sustainability of micro projects (management committees, maintenance fund and technical assistance contracts)</p>	To gauge the appropriateness of operational tools and capacity enhancement activities for the effective management of participatory local development and sustainable land and natural resource management
Improved the institutional and legal framework for participatory local development	<p>Percentage of performance-based contracts with public services satisfactorily implemented at communal level</p> <p>Percentage of targeted communes in which private and public service</p>	

	<p>providers are trained in Natural Resource Management and Sustainable land management</p> <p>Percentage of targeted communes where 100% of micro projects are in compliance with environmental and social safeguards.</p>	
Component B: Local Development Fund		
Communes and Communities receive and account for funds in timely and transparent manner	<p>Percentage of communes with more than 80% of micro-projects implemented in compliance with financing agreements</p> <p>Percentage of communes in which more than 50% of the population are aware of communes' priority activities, budget and resource management</p> <p>Percentage of targeted communes mobilizing more than 30% of internal and other resources to co-finance the AIP</p> <p>Percentage of communes in which technical audits are satisfactory and financial audits are unqualified</p> <p>Percentage of communes that publicize on their bulletin board each transfer of funds received from the project in less than 7days after the transfer is effective.</p> <p>Hectares of land reclamation and protection</p> <p>Hectares of Acacia Senegalensis under the Biocarbon fund transaction</p>	To measure the ability of communes to adequately identify, and implement solutions that respond to their priority basic needs
Component C: Project Coordination, Management, Monitoring and Evaluation		
Efficient management, monitoring and evaluation of project and dissemination of implementation results	<p>Percentage of communes that submits quarterly M&E reports on time</p> <p>Project bi-annual implementation progress reports are disseminated to public services Donors and other relevant stakeholders.</p> <p>Number of collaboration agreements signed with other projects at the regional level which are satisfactorily implemented</p> <p>Annual audit opinion has been unqualified.</p>	To ensure that technical and fiduciary management is adequate and that mitigation measures are in place for timely action.

Indicators	Type I/P	Baseline	Target Values end project	Yearly Target Values					Frequency and Reports	Data Collection Instruments	Responsibility for Data Collection
				YR1	YR2	YR3	YR4	Cumul			
Outcome indicators											
Project Development Objective											
Percentage of targeted communes for which more than 50% of the population are satisfied with the implementation of the CDP through the Annual Investment Plan (AIP)	I	10	50% of increase in average	20	30	40	60	60	Year	Survey	CNC
Percentage of targeted communes that increase the rate of coverage of social services by more than 2% in one of the following three sectors : education, health, potable water	P	5	50	0	20	40	50	50	Year	Survey	CNC
Percentage of beneficiaries of income generating activities who increase their revenue by 30%	P	0	70% of increase	0	50	50	70	70	Year	M&E	CNC
Global Objective											
Percentage of targeted communes in which more than 200 additional hectares of land are protected and reclaimed.	P	0	60%	0	20	40	60	60	Year	M&E	CNC
Percentage of targeted communes setting up land tenure commissions that start delivering land titles.	P	20	80	30	50	80	80	80	year	M&E	CNC
Results Indicators for Each Component											
Component 1											
Percentage of targeted communes that design /update their CDP according to the National Planning Guide	P	50	50%	0	25	50	50	50%	Year	M&E	CNC
Percentage of targeted communes for which more than 50% of the population are satisfied with the design of the Communal Development Plan (CDP)	I	10	70% of increase	0	60	60	70	70	Once every two years	Survey	CNC
Percentage of targeted communes using the RDS methodological guide to plan SLM activities	P	0	60%	0	20	40	60	60	Year	M&E	CNC
Percentage of targeted communes that organize annually public meetings during which they report on their activities	P	0	90	0	50	60	90	90	Year	M&E	CNC
Percentage of targeted communes that adjust their CDP and AIP based on feed back from communities	P	0	80	0	50	60	80	80		Surveys	CNC

Indicators	Type I/P	Baseline	Target Values end project	Yearly Target Values					Frequency and Reports	Data Collection Instruments	Responsibility for Data Collection
				YR1	YR2	YR3	YR4	Cumul			
Percentage of performance-based contracts with public service providers satisfactorily implemented at communal level	P	0	80	80	80	80	80	80	Year	M&E	CNC
Percentage of targeted communes that set up adequate measures to ensure sustainability of micro projects (management comity, maintenance fund and technical assistance contracts)	P	0	80	30	50	60	80	80	year	M&E	CNC
Percentage of targeted communes where 100% of micro projects include environmental and social safeguards	P	0	90%	30	50	60	90	90	year	M&E	CNC
Percentage of targeted communes in which private and public services providers are trained in Natural Resource Management and Sustainable land management	P	0	80	30	50	70	80	80	year	M&E	CNC
Component B											
Percentage of communes with more than 80% of micro-projects implemented in compliance with financing agreements	P	0	70%	0	50%	60%	70%	70%	Year	M&E	CNC
Percentage of communes in which more than 50% of the population are aware of communes budget and resource management	P	0	80%	0	60%	70%	80%	80%	Year	Survey	CNC
Percentage of communes in which technical audits are satisfactory and financial audits are unqualified	P	0	80%	50%	70	80	80	80	Year	audit reports	CNC
Percentage of targeted communes mobilizing more than 30% of internal and other resources to co-finance the AIP	P	15%	50%	10	20	35	50	65	Year	M&E	CNC
Percentage of communes that publicize on their bulletin board each transfer of funds received from the project in less than 7days after the transfer is effective	P	0	100%	50	75	100	100	100	quarterly	M&E	CNC
Hectares of land reclamation and protection	P	0	30000	7000	15000	25000	30000	30000	Year	M&E	Ministry of Environment
Hectares of Acacia Senegalensis under the Biocarbon fund transaction	P	7000	15000	5000	10000	15000	15000	22000	Year	M&E	Ministry of Environment

Component C											
Percentage of communes that submits quarterly M&E reports on time.	P	0	100	50	60	80	100	100	Quarterly	M&E	CNC
Project bi-annual implementation progress reports are disseminated to public services Donors and other relevant stakeholders.	P	0	S	S	S	S	S	S	Semester	M&E	CNC

Number of collaboration agreements signed with other project at the regional level satisfactorily implemented	P	2	8	4	6	8	8	10	Year	Collaboration agreements	CNC
Project annual audit opinion has been unqualified.	P	S	S	S	S	S	S	S	Audit reports	Audit reports	CNC

ANNEX B: RESPONSES TO PROJECT REVIEWS (from GEF Secretariat and GEF Agencies, and Responses to Comments from Council at work program inclusion and the Convention Secretariat and STAP at PIF)

1. RESPONSE TO COMMENTS IN THE GEFSEC REVIEW SHEET OF FEBRUARY 1, 2008

Comment: Please confirm financing of all components.

RESPONSE: The GEF Project Document provides all details on the project cost and component financing. See Annex 5 and Annex 15.

Comment: Please confirm Monitoring and Evaluation programme consistency with SIP Result Framework

RESPONSE: The Monitoring and Evaluation programme for the project as designed has been done in an integrated manner and includes all elements of the SIP Results Framework.

Comment: Please go further in the project document on the incremental reasoning describing the business as usual and the additional value of the GEF role.

RESPONSE: The Incremental cost calculations have been finalized and are presented in detail in Annex 15.

Comment: Please, in the project document, check accurately the risks and mitigation measures.

RESPONSE: Please see GEF Document Main Text Part III, Section E.

Comment: The cost-effectiveness argument is very generic at this time. Please, within the project document preparation; look for synergy with other projects.

RESPONSE: Cost Effectiveness for the project has been detailed in Part II section G of this Memo. Please refer to GEF document Annex 15.

2. RESPONSE TO STAP REVIEW

Below are the STAP comments (in italics) and responses (plain text)

STAP believes the proposal requires strengthening in a number of scientific and technical aspects that are important to the GEF. First, the current outputs lack specificity and are little different to Outcomes.

RESPONSE: The outputs in the results framework are the products that are under the direct control of the project (i.e., development and implementation of the communication strategy and knowledge management system, training of stakeholders, financing of micro-projects). The outcomes are results of the outputs, but are subject also to other influences (e.g., increased use of knowledge on SLM in decisions, increased capacity of local stakeholders, or increased tree cover in the landscape). Neither of these concepts is the same as indicators of their achievement, such as the number of micro-projects financed or the number of hectares of tree plantations resulting. Thus we believe that most of the outputs and outcomes are distinct from each other and appropriate as specified, although we have made some clarifications. We have not provided specific indicators in the project framework because, as noted in the PIF, these are to be further developed during project preparation.

For example, in the key Component 3 for the GEF (poverty and environmental monitoring) neither the number of surveys or the regional coverage of communities is specified. The generic nature of the linkage between poverty and environmental degradation is controversial in the scientific literature, and STAP therefore believes that the Outcomes and Outputs especially for this Component need to be informed by carefully-chosen indicators that will track the linkages and provide evidence that investments in SLM do bring about gains in human wellbeing as well as benefits for the environment.

RESPONSE: We have provided examples of key impact indicators related to both the poverty and environmental objectives of the project. However, as indicated in the PIF, these indicators are subject to refinement during the preparation phase of the project. We have clarified that the impact indicators will be collected by an independent evaluation team through surveys conducted in project communities and comparable non-project communities in the project regions at three dates: baseline, project midterm and at the end of the project. Other indicators (of inputs, activities, outputs and near term outcomes) will be collected on a more continuous basis by the project M&E system.

Second, the project could be strengthened by explicit cross-referencing to the results framework and the expected global environmental benefits of the SIP, especially those that are relevant to extremely degraded dry land environments. For example, it is known that it is difficult and costly to increase carbon and below-ground biodiversity in soils that have been 'mined' for their nutrients over many decades and are now extremely degraded.

RESPONSE: It is not anticipated that the project will have significant measurable impacts on soil carbon or below ground biodiversity within the life of the project. This expectation, together with the high cost of measuring soil carbon, led to a decision not to measure this indicator for the project.

With regards to the global benefit of "an increase in carbon sequestration through SLM practices", the SIP results framework provides a performance indicator to measure soil quality, including carbon, against baseline data.

RESPONSE: The expected increase in carbon sequestration from the project is mainly an increase in vegetative carbon through tree planting activities. The amount of such carbon sequestered through these activities will be estimated by the impact assessment.

Similarly, increases in biodiversity and water storage require accessible and measurable indicators.

RESPONSE: The project is not expected to contribute substantially to increased biodiversity, though it can help preserve it. We expect the SLM practices promoted by the project to increase the amount of water stored in soils, but measuring this (as well as biodiversity) is judged to be too difficult and expensive for this project.

How are the global benefits to be measured and monitored, and who will do it?

RESPONSE: We have added some explanation about the M&E and impact assessment system of the project. The M&E system will be led by the national M&E coordinator, and M&E coordinators at the regional, commune and village levels. This system will focus mainly on monitoring the use of inputs, outputs, and immediate outcomes of the project. This will be complemented by impact evaluation conducted at the mid-term and end of the project, led by an independent evaluation team, and based on more detailed baseline and follow-up surveys conducted in project communities and comparable non-project communities.

How sustainable will the M&E system for global benefits be after the end of the project?

The M&E system is linked to project operations and hence will not continue after the end of the project (though will be continued into an anticipated third phase of the project). The global benefits will be assessed after the end of the project based on the indicators of the impacts on the global development and environmental objectives (i.e., improved human well being, reduced land degradation) compared to those indicators at the time of the baseline, and can be assessed again at later times. The baseline survey will be conducted in both project and comparable non-project communities, so that measurement of a suitable

counterfactual situation will enable attributing changes in these indicators as being impacts of the project.

Third, the project claims to promote community-driven SLM using a multi-stakeholder approach. Past experience of such attempts, especially with very poor communities, is that well-intentioned efforts of including the community voice have failed and that the measures of SLM that resulted favored the wealthier and the technical bias of professionals. Indeed, one of the key barriers not mentioned in the PIF is the fact that many techniques and methods promoted were inappropriate and/or inaccessible to the resource-poor. How will the project overcome these major obstacles?

We do not agree that the SLM activities that will be pursued under the project will favor wealthier individuals or the technical bias of professionals. The project is based on extensive efforts to promote the planning capacities of local communities so that they are able to select and implement their own priorities for development and SLM approaches. This will build on the community driven approach successfully implemented in the first phase of the project (according to the external review of the project). The approaches adopted will be those selected by communities based on their consideration of possible benefits compared to other possible activities, and will receive only limited subsidy. Evidence from an impact assessment study by IFPRI and ICRISAT of SLM practices adopted by Nigérien communities in CAP-1 and through other SLM projects does not support the view that these practices are biased toward wealthier households and communities (Pender and Ndjeunga 2008).

Finally, climate risks are especially large for dry land environments such as in Niger. The proposal should be strengthened by reference to how far the SLM techniques will enable adaptation and coping mechanisms by the rural poor to be implemented and how far such risks can be mitigated for the global benefits, especially of increasing carbon stocks.

We have added some further reference to this issue. However, it is not possible at present to quantify how much climate risks can be mitigated by SLM techniques, given the present state of knowledge about the impacts of SLM measures on climate vulnerability. Research studies addressing this issue are planned under the TerrAfrica knowledge pillar.

No cost-effectiveness estimates of CO₂ abatement are given, nor information on the steps to obtain such estimates during project preparation.

We have added an estimate of the cost of carbon sequestration (\$6.50 per ton of carbon dioxide equivalent sequestered within ten years), based on the estimated amount of carbon that can be sequestered per hectare of acacia Senegal plantations (the most common type of tree planted in Niger) divided by the estimated total planting cost per hectare of such plantations. Within 20 years, this cost is reduced to less than \$3.00 per ton, because of continued sequestration as the trees grow to maturity. This is much less than is usually paid by Clean Development Mechanism projects in developing countries to sequester carbon. For example, in 2006 the average amount spent by such projects was \$10.90 per ton of CO₂ equivalent sequestered (Kapoor and Ambrosi 2007).

References

Kapoor, K. and P. Ambrosi. 2007. State and trends of the carbon market 2007. World Bank Institute, World Bank, Washington, D.C. http://carbonfinance.org/docs/Carbon_Trends_2007- FINAL - May_2.pdf

Pender, J. and J. Ndjeunga. 2008. Assessing impacts of sustainable land management programs on land management and poverty in Niger. International Food Policy Research Institute, Washington, D.C., Mimeo.

ANNEX C: CONSULTANTS TO BE HIRED FOR THE PROJECT

<i>Position Titles</i>	<i>\$/person months*</i>	<i>Estimated person months**</i>	<i>Tasks to be performed</i>
For Project Management			
Local			
SLM Advisor	2427.08	48	Coordination of the SLM activities
SLM Technician	1020.83	48	Support the coordination and the implementation of the SLM activities
Total local consultants			
International			
M&E Specialist	3333.33	30	Support the implementation of the specific SLM M&E system and the elaboration of the SIP indicators

Justification for Travel, if any:			
For Technical Assistance			
Local			
SLM techniques Specialists	2000.00	40	Support the implementation of the SLM activities, training, communication, SLM knowledge base, CSIF ...etc SLM
Data base specialists	1250.00	24	
GIS Specialists	1500.00	24	Support the design of the CSIF and the elaboration of the land management plans
SLM communication Specialists	1500.00	29	Support the elaboration of SLM communication tools and SLMN communication strategy
Land tenure specialists	2000.00	24	Support the COFOCOM
Land Management plan specialist	1750.00	26	Support the elaboration of the Land and natural resources management plans
M&E specialists	1250.00	30	Support the data collection
International			
M&E specialist	3333.33	30	Support the Definition and the elaboration of SIP indicators and the SLM M&E System
Justification for Travel, if any:			

* Provide dollar rate per person weeks or months as applicable; ** Total person weeks/months needed to carry out the tasks.

ANNEX D: STATUS OF IMPLEMENTATION OF PROJECT PREPARATION ACTIVITIES AND THE USE OF FUNDS

Non- Applicable. No PPG Funds were used

- A. EXPLAIN IF THE PPG OBJECTIVE HAS BEEN ACHIEVED THROUGH THE PPG ACTIVITIES UNDERTAKEN.**
- B. DESCRIBE FINDINGS THAT MIGHT AFFECT THE PROJECT DESIGN OR ANY CONCERNS ON PROJECT IMPLEMENTATION, IF ANY:**
- C. PROVIDE DETAILED FUNDING AMOUNT OF THE PPG ACTIVITIES AND THEIR IMPLEMENTATION STATUS IN THE TABLE BELOW:**

<i>Project Preparation Activities Approved</i>	<i>Implementation Status</i>	<i>GEF Amount (\$)</i>				<i>Co-financing (\$)</i>
		<i>Amount Approved</i>	<i>Amount Spent To date</i>	<i>Amount Committed</i>	<i>Uncommitted Amount*</i>	
	(Select)					
	(Select)					
	(Select)					
	(Select)					
	(Select)					
	(Select)					
	(Select)					
Total						

* Uncommitted amount should be returned to the GEF Trust Fund. Please indicate expected date of refund transaction to Trustee.

Document of
The World Bank

Report No:

PROJECT DOCUMENT

ON A

PROPOSED GRANT FROM THE
GLOBAL ENVIRONMENT FACILITY TRUST FUND

IN THE AMOUNT OF US\$ 4.67 MILLION

TO THE REPUBLIC OF NIGER

FOR THE SECOND PHASE OF THE
COMMUNITY ACTION PROGRAM) SUPPORT PROJECT

May 27, 2008

GDP	Gross Domestic Product
GEF	Global Environment Fund
GEF-SIP	Global Environment Facility - Strategic Investment Framework
GoN	Government of Niger
GTZ	<i>Gesellschaft für Technische Zusammenarbeit</i> (German Agency for Technical Co-operation)
HCME	High Commission for State Modernization
IBRD	International Bank for Reconstruction Development
ICB	International Competitive Biddings
ICRISAT	International Crop Research Institute for Semi-Arid Tropics
IDA	International Development Association
IEC	Information Education and Communication
IFAC-PSC	Public Sector Committee of International Federation of Accountants
IFAD	International Fund for Agricultural Development
IFC	International Finance Corporation
IFR	Interim Un-Audited Financial Reports
IPSAS	International Public Sector Accounting Standard
IRR	Internal Rate of Return
LIF	Local Investment Fund
M&I	Monitoring and Evaluation
MAT/DC	Ministry of Planning and Community Development
MDA	Ministry of Agriculture Development
MDG	Millennium Development Goals
ME/LCD	Ministry of Environment and the Fight against Desertification
MIS/D	Ministry of Interior, Security and Decentralization
NGOs	Non-Governmental Organization
NPV	Net Present Value
OED	Operations Evaluation department
PADAZ	<i>Projet d'Appui au Développement Agricole dans la Région de Zinder</i>
PADL	<i>Projet d'Appui au Développement Local de Diffa</i>
PAGL	<i>Projet d'Appui à la Gouvernance Locale</i>
PDIL	Local Urban Infrastructure Development Project
PEMFAR	Public Expenditure Management and Financial Accountability Review
PF	Process Framework
PIM	Project Implementation Manual
PIP2	Private Irrigation Promotion Project
PPIP	Private Pilot Irrigation Project
PRGN	<i>Projet de Gestion des Ressources Naturelles</i> (National Ressources Management Project)
PRODEX	Agro-pastoral Export Promotion Project (PRODEX)
PRSP	Poverty Reduction Strategy Paper
PVDT	<i>Projet de Valorisation des Eaux dans les Régions de Dosso et Tillabéry</i>
RAPS	Resettlement Action Plans
RDS	Rural Development Strategy
RPF	Resettlement Policy Framework

SBD	Standard Bidding Documents
RDS	Rural Development Strategy
SDRP	<i>Stratégie Accélérée de Développement et de Réduction de la Pauvreté</i> (Accelerated Development and Poverty Reduction Strategy)
SLM	Sustainable Land Management
UEMOA	<i>Union Economique et Monétaire Ouest Africaine</i> (West African Economic and Monetary Union)
UNCBD	United Nations Convention on Biological Diversity
UNCCC	United Nations Convention on Climate Change
UNCCD	United Nations Convention to Combat Desertification
UNDP	United Nations Development Program
USAID	United States Agency for International Development

Vice President:	Obiageli Katryn Ezekwesili
Country Director:	Madani M. Tall
Country Manager:	Ousmane Diagana
Sector Manager:	Karen McConnell Brooks
Task Team Leader:	Abdoulaye Touré

NIGER
COMMUNITY ACTION PROGRAM (CDD Niger - CAP-2)

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NIGER

COMMUNITY ACTION PROGRAM (CDD NIGER – CAP-2)

PROJECT DOCUMENT

AFRICA

AFTAR

<p>Date: July15, 2008 Country Director: Madani M. Tall Sector Manager/Director: Karen McConnell Brooks</p> <p>Project ID: P102354</p> <p>Lending Instrument: Adaptable Program Loan (APL)</p>	<p>Team Leader: Abdoulaye Touré Sectors: Sub-national government administration (30%); General agriculture, fishing and forestry sector (40%); General water, sanitation and flood protection sector (10%); General education sector (10%); Health (10%). Themes: Decentralization (P); Municipal governance and institution building (S); Climate change (S); Other environment and natural resources management (S); Rural services and infrastructure (S)</p>
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<p>Global Supplemental ID: P107841 Lending Instrument: Adaptable Program Loan (APL) Focal Area: Land degradation Environmental Assessment: Partial Assessment Supplement Fully Blended? Yes</p>	<p>Team Leader: Abdoulaye Touré Sectors: General agriculture, fishing and forestry sector (80%); Sub-national government administration (20%) Themes: Environmental policies and institutions (P); Land administration and management (S); Rural policies and institutions (S); Water resource management (S)</p>
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Project Financing Data

Loan Credit Grant Guarantee Other:

For Loans/Credits/Others:

Total Bank financing (US\$m.): 30.00

Proposed terms:

Financing Plan (US\$m)

Source	Local	Foreign	Total
BORROWER/RECIPIENT	6.60	0.00	6.60
Beneficiaries	3.70	0.00	3.70
Global Environment Fund (GEF)	4.14	0.53	4.67
IDA Grant	27.97	2.03	30.00
Financing Gap	0.00	0.00	0.00
Total:	42.27	2.70	44.97

The co-financing sources for GEF supplemental are (All the amounts are in US\$ million):
 GLOBAL ENVIRONMENT - Associated IDA Fund= 4.67
 These amounts are not additional to the amounts shown in the Financial Plan table above

Borrower:
 REPUBLIC OF NIGER

Responsible Agency:
 MINISTRY OF FINANCE AND ECONOMY
 Ministère des Finances et de l'Economie,
 Direction du Développement Régional et Local

Address:

Contact Person :

Tel: Dr Ide Tahirou:

Fax:

Email:

Estimated disbursements (Bank FY/US\$m)									
FY	2008	2009	2010	2011					
Annual	4.27	9.14	8.49	8.10					
Cumulative	4.27	13.41	21.90	30.00					

GEF Estimated disbursements (Bank FY/US\$m)									
FY	2008	2009	2010	2011					
Annual	0.68	1.39	1.36	1.24					
Cumulative	0.68	2.07	3.43	4.67					

Project implementation period: Start October 30, 2008. End: October 30, 2012
 Expected effectiveness date: October 30, 2008
 Expected closing date: April 30,, 2013

Does the project depart from the CAS in content or other significant respects? Yes No
Ref. PAD I.C.

Does the project require any exceptions from Bank policies? Yes No
Ref. PAD IV.G.
 Have these been approved by Bank management? Yes No
 Is approval for any policy exception sought from the Board? Yes No

Does the project include any critical risks rated "substantial" or "high"? Yes No
Ref. PAD III.E.

Does the project meet the Regional criteria for readiness for implementation? Yes No
Ref. PAD IV.G.

Project development objective (DPO) *Ref. PAD II.C., Technical Annex 3*
 The project's development objective is to improve Rural Communes' capacity to design and implement in a participatory manner Communal Development Plans (CDP) and Annual Investment Plans (AIP) and therefore contributing to enhance rural livelihoods.

Component A: Capacity Building.

- Improved Capacity of communes to address priority needs of communities, mobilize adequate resources, implement and monitor local development activities,
- Improved institutional and legal framework for participatory local development.

Component B: Local Investment Fund. Communes and Communities receive and account for funds in timely and transparent manner.

Component C: Project Coordination, Management, Monitoring and Evaluation. Efficient management, monitoring and evaluation of project and dissemination of implementation results.

Global Environment objective *Ref. PAD II.C., Technical Annex 3*

The global environment objective of the proposed project is to reduce land degradation and promote sustainable land management (SLM) in Niger, leading to improved human well-being and increased provision and productivity of local and global ecosystem services such as agricultural production, increased vegetative cover on cropland and rangeland, and carbon sequestration.

Project description. *Ref. PAD II.D., Technical Annex 4*

The project has the following three components:

Component A. Capacity Building: This component would strengthen (i) the capacities of communes and communities to carry out their mandates and (ii) the institutional and legal framework for local and community development:

- **Sub-component A-1. Capacity building for the communes and the communities:** This sub-component aims at supporting capacity building for local communities, strengthening civil society organizations and empowering the newly created communes to ensure their ownership and responsibility of the conception and the implementation of their own development agenda.
- **Sub-component A2: Capacity-building for institutional and legal framework for local development.** This subcomponent will improve the institutional and legal framework for participatory local development, by working with key national institutions responsible for promoting decentralization and local development and in the framework of the Rural Development Strategy (RDS).

Component B. The Local Investment fund: The component will set up a Local Development Fund (LDF), the financial facility that will channel funds to communities and local governments for the financing of micro-projects identified through participatory processes and included in the local integrated development plans.

Component C. Project Coordination, Management, Monitoring and Evaluation (M&E). This component will support the: (i) administrative and financial management, and,(ii) result based monitoring-evaluation system of the performance and impact of the project.

Which safeguard policies are triggered, if any? *Ref. PAD IV, Technical Annex 10*

The project is considered a Category B and two safeguards policies are triggered: (i) Environmental assessment (OP 4.01) and Involuntary resettlement (OP 4.12)

Significant, non-standard conditions, **if any**, for:

Ref. PAD III.F.

Board presentation: Scheduled on July 15, 2008 (Include board date)

Grant effectiveness: Estimated October 30, 2008 (include effectiveness date)

- (a) The recipient has recruited four internal auditors and a procurement specialist for the Project, each with the terms of reference, qualifications and experience satisfactory to the Association.
- (b) The recipient has renewed the contracts of the current staff of the project

Covenants applicable to project implementation:

No later than 3 months after effectiveness: the Recipient has appointed an external auditor on the basis of terms of reference, and with qualifications and experience satisfactory to the Association.

I. STRATEGIC CONTEXT AND RATIONALE

A. Country and sector issues

1. Key development issues. The Republic of Niger is characterized by a widely dispersed rural population in a fragile natural environment. Almost 80 percent of the population is rural, two-thirds of which live in absolute poverty. Niger remains a very poor country with a limited natural and human resource base. Social indicators compare poorly to the average in Sub-Saharan Africa. According to the Human Development Index, the country is ranked among the lowest in the world (174th out of 177 countries in 2005). The share of the population living in poverty is estimated at 60.7 percent in 2006 mainly due to the high levels of population growth, recurrent droughts, and a famine in 2004. Niger has undergone a fundamental political transition over the last seven years with the transfer of power from a military junta to a civilian Government in 1999 followed by the successful organization of elections of local government councils in 2004.

2. The main issues *in Agriculture and rural development* include: (i) weak market access opportunities; (ii) insufficient land tenure security; (iii) poor access to key services (rural finance, agricultural research, knowledge and information systems, veterinary services) and; (iv) low private investment for the expansion of irrigated agriculture, the improvement of rain-fed farming systems, and the intensification of livestock production. In this context, the biggest challenge is to achieve rapid and sustainable modernization of the agriculture and livestock sectors conducive to rural growth and poverty.

3. Rising food prices. The current rising food prices seriously affects Niger as many countries worldwide. However, given its recent experience with the 2005 drought and the ensuing famine in some parts of the country, which led to unprecedented street demonstrations, Niger is better equipped than many countries in the region to deal with the current crisis. In response to the 2005 crisis, the government adopted short and long-term measures to successfully deal with the situation, such as: (i) reducing tariffs on rice and other food staples imports; (ii) subsidizing rice and other cereals from the national stocks; and (iii) providing subsidized improved seeds to farmers. The Community Action Program phase one (CAP-1) successfully contributed to the Governments' supporting the beneficiary communes in setting up more than 200 cereal banks in collaboration with the World Food Program, and supplying 2,562 tons of cereals.

4. In the face of the current crisis, the Government has already adopted a proactive stance in taking measures to mitigate the expected effects of the crisis, including: (i) increasing the rice stock on the domestic market; and (ii) suppressing all tariffs on rice and other food imports. More importantly, the Government prepared a comprehensive national strategy on the food crisis, within the framework of CAADP.

5. With increasing population concentration in the most productive zones, the sustainable management of *productive natural resources*, particularly land and water, has become essential to Niger's agricultural growth and rural poverty reduction. Access to social services is very low among Niger's 13 million inhabitants (2006 estimates), of which 48.6% are under 15 and 83% live in rural areas, living conditions and key socio-economic indicators are

among the worst in the world. Life expectancy at birth is 46 years and the population growth rate is estimated at average 3.1%.

6. Between 1999 and 2004, the Government of Niger undertook important steps towards full decentralization. Based on the 1999 Constitution, in which decentralization was explicitly stated (article 127), the Government elaborated the main laws to support this option (detailed in annex 1). The adoption of these laws, the most important being the Decentralization Law, which created 265 communes, 213 of which were rural and 52 urban, revitalized the *decentralization* process and culminated with municipal elections, held in July 2004. The mandates of the communes include inter alia: (i) planning of local development activities; (ii) natural resource management; (iii) land tenure; (iv) social services; and (v) agriculture and livestock. The implementation of CAP-1 supported studies, workshops and consultants services leading to the elaboration of additional texts to support the implementation of the decentralization agenda, the most important of which are: (i) the General Code on Local Government (*le Code Général des Collectivités*); and (ii) the law on setting up a decentralized equity fund for local governments (*Fonds de Péréquation*). CAP-1 also supported 54 communes to carry out participatory community-based development processes, leading to the design and execution of micro-projects to improve their living conditions and livelihoods.

7. On balance., the implementation of the Decentralization Law has been constrained by several shortcomings including: (i) lack of progress by the Government to elaborate and disseminate implementation of additional documents (*textes d'application*) for enhancing the decentralization framework; (ii) lack of transfers from the central Government to communes; (iii) inadequate provision for human resources (administrative and technical staff for local governments) and for legal control over local government's activities; (iv) difficulty at the local level to mobilize tax resources; (v) inadequate human resources in the devolved technical services that have the mandate to provide technical support and advisory services to the communal councils; and (vi) weak knowledge of the legal framework of decentralization by local elected officials and other local stakeholders.

8. The Government's response. The Government of Niger (GoN) initiated several reforms aimed at reducing poverty. Recently, it adopted the Accelerated Development and its second Poverty Reduction Strategy (PRSP II), which is the new economic, financial and social policy document for the next five years (2008–2012). The overall goal of the Government's PRSP II is to reduce rural poverty from 60.7% in 2006 to 42% by 2012. Before then, the Government also adopted its Rural Development Strategy (RDS), aiming at creating conditions conducive to sustainable economic and social development and for promoting a decentralized approach to service delivery. To achieve this goal, the RDS defined three strategic objectives: (i) promote the rural population access to economic opportunities; (ii) prevent risks, improve food security and manage natural resources in a sustainable manner; and (iii) build the capacities of public institutions and rural organizations. In addition, the Government also ratified the main Multilateral Agreements on the Environment, the United Nations Convention to Combat Desertification (UNCCD), the United Nations Convention of Climate Change (UNCCC), and the United Nations Convention on Biological Diversity

(UNCBD) and established a strategic action plan to fight desertification, adapt to climate change and protect biodiversity.

9. Past World Bank support and lessons learned in the rural sector. Agriculture is at the core of the Bank 2003-05 CAS which was aligned with the Government's first PRSP, and defined interventions to help Niger mitigate its risks and vulnerabilities. Lessons from the implementation of the last CAS include among others, the need to refocus future interventions on the rural portfolio, given the importance for increasing production. In that perspective, the new CAS (FY08-FY11) has focused its interventions on strengthening investments in infrastructure and the productive sectors in the rural areas and hence to accelerate growth and increase the impact on poverty. The Bank's agriculture and rural development (ARD) portfolio has evolved substantially in the recent years. In the mid-1990s, ARD's main interventions were primarily done through supply-driven approaches to agricultural research and extension, which were found to be unsatisfactory by the Operations Evaluation Department (OED). The following projects – Natural Resource Management project (PGRN) and private pilot irrigation (PIIP) - were much more successful, mainly because they were demand driven.

10. The Bank currently finances three key operations in ARD (PIP2, CAP-1 and AELP-Locust) focusing on irrigation, community development and decentralization, and deserts locusts control. A new Agro-pastoral Export Promotion project (PRODEX) is under preparation. As is an upcoming operation on local urban infrastructure (PDIL) which will target urban areas, mostly Niamey, Dosso, and Maradi and focus its interventions on infrastructure upgrade.

11. The Community Action Program (CAP) is the main tool in the Bank's portfolio supporting poverty reduction and the decentralization process. The CAP was designed as an Adaptable Program Loan (APL) to be implemented over a period of 12 years and divided into 3 phases of 4 years each. The first phase, which became effective on December 11, 2003, had the following objectives: (i) help Niger to design and put in place decentralized, participatory and transparent mechanisms that will enable the rural communities and local governments to implement their own development plans, and (ii) promote integrated community management of ecosystems and generate multiple positive impacts on the environment. The implementation of the first covered 4 years (2004 – 2007).

12. Overall, CAP-1 was implemented successfully and all targeted triggers and results have been achieved (see annex 1- Box B for detailed implementation results of PAC-1).. Through participatory processes introduced by the project, 54 communes and 178 village clusters have identified and executed more than: (i) 2,500 micro-projects covering socio-economic infrastructures (schools, health centers, drinking water schemes, etc.); and (ii) over 1,000 income generating micro projects which led to the improvement by more than 10% of the income of beneficiaries (of which 80% are women). In addition, more than 700 ha of land have been reclaimed and 9,000 ha of land planted using SLM technologies. Finally, the project supported the elaboration and adoption of legal texts setting up communal land commissions, improved the capacity of municipal councils on local development planning,

administrative, fiscal and budgetary management, and financed a number of key studies in support of the decentralization framework.

13. In light of the foregoing, the Government of Niger has decided to move to the second phase within the context of the Rural Development Strategy (RDS), and consequently the Poverty Reduction Strategy (PRS).

B. Rationale for Bank involvement

14. The Niger Community Action Program (CAP) is the Bank's key instrument to support the Government's efforts towards poverty reduction. The design of CAP as a 3-phase program, demonstrated the Bank's long-term support to the Government Poverty Reduction Strategy. CAP-1 had fully achieved its objectives, and expected results. All triggers for the second phase have been fully met, thus paving the way for the Bank to move to the next stage. CAP-1 covered 20% of the communities and CAP-2 is planned to scale up the approach to cover 40% of the communities. Given the success of CAP-1, the development dynamic that occurred in its intervention area and its social, economic and environmental impact., there is a high demand from the communities, the communes and the Government to move to the second phase and reach 40 % (or 108 communes) of Niger's 265 communes.

15. The implementation of CAP-2 will respond to the planned scaling up of the project approach and will extend project activities to a larger percentage of Niger's 265 communes. CAP is also a key element of the Government's Rural Development Strategy. Specifically, the implementation of this operation will directly contribute to achieving the results of the RDS's Action Plan including its programs on: (i) local and community development, (ii) local governance on natural resources management, and (iii) rural infrastructure. Given that the majority of development partners view CAP-1 as one of the most successful projects ever implemented in Niger, they are interested in supporting the local development program of the RDS-Action Plan. This creates an opportunity to build a programmatic approach and implement the Paris Declaration on aligning and harmonizing donors' intervention. The Bank can play a leading role in this framework as it is the case under TerrAfrica partnership initiative in the SLM agenda.

16. Moreover, CAP-2 will be one of the main instruments of the CAS in support of the current food crisis in Niger's rural area. The experience from CAP-1 will be used to scale up specific interventions particularly successful under CAP-1 to mitigate the effects of the crisis including promoting cereal banks, input banks, food and cash for work linked with the National Resources Management activities and income generating activities on food production. The design of the project is therefore flexible enough, should additional financing become available to mitigate the food crisis. CAP-2 will serve as a channel for quick and effective response.

17. Finally, CAP-2 seeks to address the bottlenecks related to the decentralization agenda; therefore to improve the operational framework and the capacity of communes to effectively manage their own development.

C. Higher level objectives to which the project contributes

18. The project will enhance rural livelihoods by improving the quality of socio-economic infrastructures and access to related services, and improve local governance. Therefore, it will contribute to the Government's Accelerated Growth and Poverty Reduction Strategy (PRS II), and its Rural Development Strategy (RDS). The overall goal of the PRS II is to reduce rural poverty from 60.7% in 2006 to 42% by 2012, while the RDS aims at creating conditions conducive to sustainable economic and social development.

19. CAP-2 is a key instrument of the World Bank's support to the implementation of the Government's PRSP objectives. It will support the CAS's pillars 1 "Accelerating sustainable growth that is equitably shared" and 2 "Increasing access to basic services and developing human capital". More importantly, its flexible design positions the project as a rapid response vehicle, which will be used under the CAS to address the on-going food crises, as was successfully done through CAP-1.

20. The project will also support the implementation of the New Partnership for Africa's Development (NEPAD) Comprehensive Africa Agriculture Development Plan (CAADP); specifically its pillars 1 (Sustainable Land and Water Management) and 3 (Risk and vulnerability) and EAP programs.

21. Finally, the proposed project will contribute to the Government's decentralization agenda, by strengthening local governments' planning, managerial, financial, and technical capacity and the capacity for institutional and legal framework for community development.

II. PROJECT DESCRIPTION

A. Lending instrument

22. The proposed CAP-2 will be financed with an IDA Grant in the amount of US\$30 million equivalent, blended with a Global Environment Facility Grant in the amount of US\$4.5 million, supplemented with co-financing from the Government of Niger in the amount of US\$6.6 million and contributions from the beneficiaries. This project is the second phase of an Adaptable Program Lending (APL) supported by the World Bank.

23. The second phase will sustain efforts launched during the first phase and will support the scaling up of the project interventions to a higher percentage of the Niger's communes and populations, to complete key institutional reforms on decentralization and local development and, therefore, to pave the way for a programmatic approach of the implementation of the RDS.

B. Program objective and Phases

24. The proposed project is the second phase of an "horizontal" APL designed to assist the Government in its efforts to reduce poverty, to improve local governance through empowering communities and local governments, to improve land and natural resource and

ecosystem management, and to raise levels of health, education and food security, thereby stimulating economic growth.

25. First Phase: Introduction. The first phase, which was implemented from 2004 through 2007, following a pilot phase (2001-2003), successfully achieved its outcomes to establish and operationally decentralized, participatory, and transparent financing mechanisms that empower poor communities and local governments to take charge of their own development. Success of the first phase can be summarized as follows: (i) more than 2,000 villages and 54 Communes have established local development committees and built local capacity for planning, management, procurement and participatory monitoring and evaluation; (ii) beneficiary communes and communities prepared their local and communal development plans, and demonstrated their capacity to design, implement and monitor more than 1,500 micro-projects addressing the priority needs of about 5 millions rural people, in the areas of socio-economic services, income generating and land and natural resources management activities; (iii) more than US\$20 millions have been disbursed directly to communes and communities to finance their own priority needs and manage the funds successfully; and (iv) Several SLM activities have resulted in around 8,000 hectares of community plantations with *Acacia Senegalensis* (leading to the BioCF transaction) to generate resources to communities through the carbon market and the production of Arabic gum.

26. Triggers from phase one to two include: (i) beneficiary assessments indicate that eighty percent of communities and local stakeholders are satisfied with the CAP and wish it to continue; (ii) at least two-thirds of communities targeted in the first phase have received capacity-building support and have drafted local development plans; (iii) one half of the *communes* selected for local governance capacity-building are considered ready to assume key project management roles, in particular fiscal management, during the second phase of the program; and (iv) the Government, through its continued implementation of reforms, such as the holding of local elections, and the provision of financial support to CAP-1, has demonstrated strong support for decentralization and community-based development.

27. Second Phase: Expansion. The second phase, which is the subject of the present document, will consolidate and scale up CAP-1 achievements, by extending the project's interventions from 54 to 108 rural communes (or 40% of the total number of communes). The main changes introduced in CAP-2 will include: (i) empowering the Government's line agencies involved in the project activities to improve the exercise of their institutional mandates; (ii) aligning and harmonizing the project interventions with other donors support within the framework of the RDS which promotes the programmatic approach; and (iii) focusing the project coordination unit's activities on M&E and fiduciary management.

28. During this phase, the project will support institutional strengthening activities in order to support the Government's efforts in setting up a programmatic framework for the implementation of the RDS and for local and community development. It is expected that the programmatic approach will become operational during this phase and that the Government will successfully set up a decentralized financing mechanism for local and community development. Performance triggers for the subsequent phase will be: (i) the legal texts on the

implementation of the *Code Général des Collectivités Locales* are adopted and disseminated; and (ii) the equity fund for local governments is set up and operational.

29. Phase 3: Consolidation. The final phase will complete the geographic expansion to 100 percent of Niger's rural population, and would seek to consolidate the program impact. It is expected that efforts undertaken during the second phase will lead to a successful strategy for providing technical assistance to communes and communities in local and community development activities and that the Government's decentralized financing mechanism will leverage resources including fiscal transfers from the central Government and from other-donor-supported intervention including the World Bank, to consolidate local and community development interventions.

C. Project development objective and key indicators

30. The project's development objective (PDO) is to improve Rural Communes' capacity to design and implement in a participatory manner Communal Development Plans (CDP) and Annual Investment Plans (AIP) in order to enhance rural livelihoods.

31. The GEF Global environment objective (GO) of the proposed project is to reduce land degradation and promote sustainable land management (SLM) in Niger.

32. The project would achieve its objective through the empowerment of communes and grassroots communities, capacity building for better management of local governments (administrative, budgetary and fiscal management, participatory planning, monitoring and evaluation), and investments in socio-economic, income generating activities and scaling up sustainable land and natural resource management activities which are to be proposed and carried out by the beneficiaries. The project would monitor progress toward achieving outcomes through the following key outcome indicators:

PDO indicators

- Percentage of communes for which more than 50% of the population are satisfied with the implementation of the CDP through the AIP;
- Percentage of targeted communes that increase the rate of coverage of social services by more than 2% in one of the following three sectors (education, health, potable water);
- Percentage of beneficiaries of income generating activities whose revenue increased by 30%.

GO Indicators

- Percentage of targeted communes in which more than 200 additional hectares of land are protected and reclaimed;
- Percentage of targeted communes setting up land tenure commissions that start delivering land titles.

D. Project components

33. **Component A: Capacity-Building (US\$7.63 million).** This component would focus on strengthening: (i) the capacities of communes and communities; and (ii) the institutional and legal framework for local and community development.

34. ***Subcomponent A1. Capacity Building for Communes and Communities:*** Through this subcomponent, the project will finance strategic activities that will strengthen the administrative, technical and fiscal capacity of selected communes to handle their institutional mandates as stipulated in the Decentralization Law, to use decentralized and participatory procedures in planning, designing, implementing, and managing their own development, through efficient partnerships with grassroots communities.

35. The project activities will be beneficiary-specific and will support capacity building for both communes and local communities. Specifically, the sub-component will finance inter alia: (i) a communication strategy to help beneficiaries understand project objectives and intervention mechanisms and share good practices and a communication strategy and tools adapted to grassroots communities' training on their roles and responsibilities, including local governance control, (ii) sensitization of elected officials and local stakeholders on existing Decentralization Laws; (iii) capacity needs assessment at the communes and communities levels, and the development of a capacity assessment plan for local development management including on decentralization, financial resource management, participatory diagnostic and planning, micro project design and execution; (iv) training activities on participatory planning, fiduciary management and participatory monitoring and evaluation, and (iv) study tours and other learning and knowledge sharing activities.

36. The project will also support specific activities aimed at addressing sustainable land and natural resources management issues at the local level, including: (i) sensitization workshops, training and support to communal and community stakeholders in mainstreaming SLM in the local development process; (ii) training on the SLM methodological guidelines and on the BioCF transaction operational procedures; and (iii) setting up and operationalizing communal land tenure committees (COFOCOM).

37. Finally, the project will organize workshops for local service providers on community-based procurement requirements, participatory processes and technical requirements of key sectors.

38. ***Subcomponent A2. Capacity-Building for Institutional and Legal Framework on Community Development.*** The project will finance studies, training, study tours and workshops for key national institutions with the mandates on decentralization, local and community development and environmental monitoring. Specifically, the project will help (i) Ministry of Interior, Security and Decentralization (*MIS/D*), and High Commission for State Modernization (*HCME*) to clarify, update, and finalize legal texts on local governance, intergovernmental transfers, and fiscal decentralization; (ii) Ministry of Planning and Community Development (*MAT/DC*) to update the communal planning guide and

establishment of communal database; (iii) Ministry of Agriculture Development (*MDA*) to set up and operationalize an effective M&E system for integrated management of the various programs of the RDS; and set up the various steering committees of the RDS at the national and regional levels; and (iv) Ministry of Environment and the Fight against Desertification (*ME/LCD*) to supervise the implementation of SLM activities, the development of a SLM Knowledge Information System and a Monitoring and Information System and the implementation of the Niger's Country Strategic Investment Framework (CSIF), and to identify necessary actions to address SLM and climate change concerns in RDS programs.

39. **Component B. The Local Investment Fund (US\$31.80 million)**: The project will finance the Local Investment Fund (LIF), which has demonstrated its efficiency during CAP-1, to channel grants to communes and grassroots communities to enable them to finance socio-economic micro-projects, income generating and land and natural resource management activities.

40. Given that the Government is in the process of setting up a decentralized basket funding mechanism for local and community development, it is expected that once reforms in form and substance satisfactory to IDA to ensure the effective and efficient local funding mechanisms are in place, the funds in LIF will be transferred directly into the commune's budgets through the new system and managed using public accounting principles. The mid-term review will assess progress and readiness of the basket funding mechanism, and a decision will be made at that point, with respect to the channeling of the relevant funds of the IDA Financing through this mechanism.

41. **Component C: Project Coordination, Management, Monitoring and Evaluation (US\$4.87 million)**¹. This component will support: (i) the administrative and financial management; and (ii) result based monitoring-evaluation system of the performance and impact of the project.

E. Lessons learned and reflected in the project design

42. Lessons learned and reflected in the design of CAP-2 include lessons from the implementation of recent projects in Niger (such as the Natural Resource Management Project - PGRN), the Small Rural Operations Project and CAP-1) and from other projects in the Africa and Bank wide portfolios. Reviews of past SLM experience have highlighted key challenges for addressing SLM issues and identified lessons learned and good practices that can be put to use were also taken in consideration.

43. *Building on momentum and good practices and empowering communities can lead to efficient delivery of services.* Making grassroots communities responsible for the identification, preparation, and implementation of activities helps reduce costs, enhance community ownership, and provide a solid base to ensure the sustainability of actions. The following factors are necessary: (i) community organizations representative of the community and functioning in a transparent way; (ii) effective transfer of responsibility and resources to communities.

¹ The cost includes the PPF (USD 0.6 million)

44. *Ensuring conformity between local stakeholders' activities and sector ministries.* The development of socio-economic infrastructure (roads, schools, markets, and health facilities) promotes local development, but must be done in full alignment with strategic priorities. In that regard, decentralized investments must be consistent with sector-specific strategies and adhere to national norms and standards. Therefore, it is highly crucial that efficient collaboration mechanisms between local governments and line ministries are set up and resources provided to support devolved technical services to undertake their mandate.

45. *Efficiency and flexibility.* The project design must be flexible in order to ensure quick delivery of the technical support to local stakeholders, given the usual limited local capacity for project execution. Particularly, it is crucial to monitor implementation schedule therefore to ensure that flow of funds to local beneficiaries is efficient to avoid long delays between subproject approvals and the beginning of their execution.

46. *Learning by doing as a mean to empower local stakeholders.* Given the limited capacity at the local level, it takes time to set up a fully functional system for project implementation. But once the system takes hold, it has been proven that communities hold the key to their own success. Therefore, the incentive to provide rapid results on the ground should not take precedence over capacity building, which remains the most important condition for cost-effective delivery of subprojects in the medium and long terms and their sustainability. Adopting a “learning-by-doing” approach to project implementation has provided ample evidence as an effective means to develop capacity and achieve sustainable results at the local level.

F. Alternatives considered and reasons for rejection

47. During the design of CAP-1, seven options were considered. These options were rejected because they dealt with either individual beneficiaries or were costly, insufficiently multi-sectoral or centrally-planned and supply-driven and therefore failing to foster local ownership and to incorporate active participation of beneficiaries in design and implementation.

48. Given the growing demand for the project expansion to all communes within the country, few new alternatives were considered outside of improving the operational weaknesses encountered in the previous phase. In that regard, the following options were discussed:

- **Using Communes vs. Communities as the entry-point:** the first option considered was whether to continue using both communes and communities (through village groupings) as the entry point of the project. Given that the commune has been clearly designated by the Decentralization Law as the entry point for local development within the context of Niger, CAP-2 will use the commune as its entry point, while ensuring that the planning process is carried out in efficient partnerships with local communities.
- **Rural vs. Urban Program:** the issue of whether the project should be rural-, or urban-focused was discussed. Even though generally the scope and nature of problems differ between rural and urban communes, these distinctions are not so clear in the context of

Niger where many urban municipalities have similar characteristics as those in rural areas. CAP-2 will focus its coverage on rural communes, where almost 85% of the poor live. However, urban communes that already benefited from the project's support during CAP-1 will continue to be covered in order to ensure that peri-urban centers in these communes where the poor suffer equally from the prevalent lack of access to economic and social services continue to provide these services.

III. IMPLEMENTATION

A. Partnership arrangements

49. During the implementation of CAP-1, partnerships agreements have been established with the following development partners: German Agency for Technical Co-operation (GTZ), Netherlands Development Organization (SNV), United States Agency for International Development (USAID), United Nations Development Program (UNDP), and Cooperation Suisse. These agreements facilitated coordination in the field on geographic and thematic coverage. The preparation of the second phase took into consideration lessons from this experience. All donors supporting the Government's Rural Development Strategy and its program on community development share the Government's vision of a programmatic approach and expressed their willingness to align their interventions accordingly. They provided valuable contributions to the project design and agreed in principle to work under the steering committee of the RDS at the national and regional levels.

50. The Donor community's expressed commitment will be materialized through the renewal of existing partnerships and the establishment of new agreements with the European Union, Danish International Development Agency (Danida), Canadian International Development Agency (CIDA), Coopération Française, Lux-Development, UNDP and International Fund for Agricultural Development (IFAD) These agreements will cover the following areas of intervention: (i) studies on the establishment of the equity fund for decentralized financing; (ii) a consolidated capacity-building strategy and program for national institutions in charge of the RDS; (iii) sustainable land and natural resources management; and (iv) climate change.

51. In addition, specific partnership agreements will be established for the three GEF-financed activities in Niger (IDA/GEF blended CAP-2 and the two GEF/SIP with IFAD and UNDP). The three SIP operations in Niger (PLECO, ARDI and CAP) which were in line with the RDS's priority programs 10 (environmental sustainability) and 13 (land restoration and reforestation) will complement each other and will support the Government's objectives of improving conditions of poor populations and the terrestrial ecosystem services upon which they depend. Under the leadership of UNDP and in close cooperation with the World Bank and IFAD, these three projects support the Government to develop a SLM Country Investment Strategic Framework (CSIF) at national level which will be translated and adapted to sub-national and local levels in the Maradi, Zinger and Diffa regions. The World Bank's IDA/GEF blended operation will deliver targeted investments at the local level throughout the country while the UNDP and IFAD operations will be geographically focused respectively in the Zinger, Diffa and Maradi regions.

52. On sector coordination, at the project level, partnership arrangements will be established with devolved technical services at the regional and local levels to ensure that the project's investments activities are consistent with national directives and sectoral guidelines. In addition, provisions have been made in sub-component A2 to carry out a study to determine operational mechanisms between CAP-2 and sector-specific interventions in the country (for at least three key sectors including education, health and water projects) to ensure that resources earmarked for these projects are transferred through the Local Investment Fund transfer system to support local governments in carrying out investments related to these sectors in conformity with the Decentralization Law.

B. Institutional and implementation arrangements

53. *Project Orientation and Steering.* The overall orientation and supervision of CAP-2 will be entrusted to the CAP Steering Committee (SC). The Steering Committee is headed by the Minister in charge of Agriculture development, and comprises key ministries involved with the Rural Development Strategy. The mandate of the SC includes: (i) carrying out annual reviews of proposals, work programs and budgets prepared by the National Coordination Unit (CCN) and ensuring their consistency with the project's development objectives; (ii) reviewing progress made towards achieving the project's objectives; (iii) facilitating the coordination of project activities among the entities in the SP and ensuring harmonization with other-donor financed institutions within the larger framework of the RDS.

54. *Project Coordination.* Project coordination and management will be the responsibility of the CCN. Unlike during CAP-1, the CCN will be reduced in staff and will focus essentially on fiduciary management and M&E, and facilitating project activities carried out by national institutions. At the regional level, the CCN will be supported by 8 Regional Coordination Units (CCR).

55. *Communes and Communities.* Project implementation at the local level is the primary responsibility of communes and communities who will be fully empowered through training and technical assistance to undertake their own participatory planning, identification, implementation and monitoring and evaluation of their own development. Local communes and communities will be supported by local service providers in the participatory diagnosis, and in contract management related to their micro-projects and will receive technical support from devolved technical services.

56. *Financial Management.* Under the guidance and the responsibility of the Ministry of Agriculture Development (MDA), the CCN will be responsible for financial management and for preparing audits of accounts, systems and procedures acceptable to the Bank. CCRs and Communes will handle accounting for funds received from the CCN respectively at the regional and commune levels. The National Coordinator, Regional Coordinators and Mayors are the authorizers (“*ordonnateurs*”) of expenditures of the CAP-2. They will approve related commitment documents and warrants, and will authorize cash transactions in the project's bank accounts. Accounting records will be kept for all project-related expenditures and financing following generally accepted accounting principles. The consolidated annual

financial statements prepared by the *CCN* will be audited annually, following international auditing standards, by independent auditors acceptable to the Bank.

57. The *CCN* will also prepare Interim Un-Audited Financial Reports (IFR). The segregated designated accounts will be managed by the *CCN*. With regard to controls duties, CAP-2 will be strengthened by the recruitment of 4 Internal Controllers to set up an efficient and robust internal control arrangement. The *CCN* will also be provided with an updated Financial Management (FM) procedures manual and an integrated computerized financial management system. Its fiduciary staff will be trained in budget accounting and monitoring. For Communes, the Government will validate, approve and make the chart of accounts official. The Inspector General of Services of the MDA will conduct technical quality control of project activities while the Inspection General of Finance would maintain the right to intervene in CAP-2's fiduciary management.

58. *Procurement.* Procurement for the proposed project would be carried out in accordance with the World Bank's "Guidelines: Procurement Under IBRD Loans and IDA Credits" dated May 2004 and revised in October 2006; and "Guidelines: Selection and Employment of Consultants by World Bank Borrowers" dated May 2004 and revised in October 2006, and the provisions stipulated in the Financing Agreement. The *CCN* will hire a procurement specialist to assist it, as well as to provide advice as needed to the executing agencies and beneficiaries. The various items under different expenditure categories are described in Annex 8. For each contract to be financed by the project, the different procurement methods or consultant selection methods, the need for pre-qualification, estimated costs, prior review requirements, and time frame have been agreed between the Recipient and IDA in the Procurement Plan. The Procurement Plan, included in Annex 8, will be updated at least annually or as required to reflect the actual project implementation needs and improvements in institutional capacity.

C. Monitoring and evaluation of outcomes/results

59. The project's M&E system will be built upon the effective and functional one which was set up during the implementation of CAP-1. Additional efforts during the second phase of the project will focus on strengthening and deploying the existing system to national institutions involved in the implementation of CAP-2 and ensuring that it is properly linked to the national M&E system for the RDS or other relevant high level national strategies, including the SLM Country Investment Framework.

60. At the national level, the national M&E team will lead all aspects of monitoring and evaluation; provide operational tools and instruments for data collection at the regional and local levels. It will also collect and validate upstream reports and monitoring information from the regional M&E coordinators and from each of the national institutions involved in project activities (MDA, MISP/D, MAT/DC, HCME and ME/LCD). It will incorporate this information into the project knowledge management system (which will include a geographically referenced database of the quantitative data collected), analyze the information and produce quarterly and annual progress and monitoring reports. The national

team will liaise with the regional SIP M&E desk to provide relevant information as indicated in the operational manual.

61. At the regional and local levels, the M&E unit will rely on the planning and the M&E specialist within the regional coordination unit, communal staff and local service providers will be involved in project implementation for collecting valuable data needed for updating key performance indicators on a regular basis.

D. Sustainability and replicability

62. The Government of Niger has strongly demonstrated its commitment and ownership of the project. The preparation is successfully coordinated by MDA and involved a strong participation from key ministries concerned with the RDS. The project's institutional sustainability depends on the ability of communes and communities to quickly develop and maintain the capacity to manage their mandate successfully. In that regard, experience from CAP-1 has demonstrated that existing yet latent capacities within the communes and communities can be quickly released. CAP-2 will focus on capacity-building at the local level, to improve knowledge, to foster ownership and therefore to enhance the institutional sustainability of the project.

63. The project's financial sustainability will depend on the availability of fiscal resources to finance local development in Niger in the long run. The Government's commitment is shown through its decision to provide counterpart funding to the implementation of the proposed project and to set up a decentralized financing mechanism (Fonds de Péréquation) through which it intends to provide and transfer funds to local governments for their own development. The Government's commitment is already matched in words by most donors who have expressed their willingness to transfer resources for future interventions through this channel once it becomes effective. These are encouraging signs in the right direction.

64. On the sustainability of micro-projects implemented at the local level, a strong emphasis is put on the ownership of the process by beneficiary communes and communities and their capacity enhanced to ensure that adequate provisions are made for maintaining and operating these infrastructures. Additional efforts will be deployed during CAP-2 to fine-tune existing mechanisms (management committees and maintenance funds) for ensuring greater sustainability and operation of infrastructures.

E. Critical risks and possible controversial aspects

65. The success of the project is subject to the control of a number of risks related to the following aspects: (i) institutional arrangements for project implementation, which involves several ministries with great responsibility given to central and decentralized Government services; (ii) commitment to acceleration of the decentralization process, particularly as regards to the transfer of adequate financial resources to meet the needs of the populations, and (iii) strengthening good governance with respect to economic and administrative aspects, as well as gender equity.

66. The financial management critical risk remains at the country level. It is substantial because there still are significant concerns about the accuracy of information and the capacity of internal and external audit institutions. This may affect the achievement of CAP-2's development objective.

67. There are no legal covenants applicable to project implementation with regard to FM aspects. The following conditions are dated covenants after financing effectiveness:

Assumptions	Risk Level	Mitigation Measures
Limited capacity of central and decentralized Government services and local authorities to carry out their duties and fulfill their responsibilities	Moderate	Implementation of a capacity building and training program for decentralized Government services and using a result-based contracting process
Limited effectiveness of transfer of financial resources from the central services to rural communes and local institutions to finance development actions in addition to donors subsidies	Moderate	Creation of a support fund for local authorities, and inclusion of resources for this fund in the annual budget
Priority planning process and financial resources is dominated by commune councils, instead of being based on local communities' expressed needs	Moderate	Planning process based on priorities defined at community level and on inclusion of a variety of local stakeholders. Strong accountability mechanism at commune level including participatory M&E
Weaknesses at commune level with respect to financial management and procurement	Moderate	Strong capacity building component at commune level, regular internal control by the decentralized internal controllers appointed by the Project at the regional level, strengthening the capacity of the " <i>secrétaire général de prefecture</i> " in local governance
Weaknesses at commune level on consideration of land and natural resource management as well as integration of gender equity goals	Moderate	Training communes on SLM methodological guide and establishing earmarks in the LIF for financing SLM and gender activities

F. Loan/credit conditions and covenants

68. The effectiveness conditions and dated covenants are as follows:

Effectiveness conditions

- The Recipient has recruited 4 Internal Auditors and a procurement specialist on the basis of terms of reference, and with qualification and experience satisfactory to the Association.
- The Recipient has renewed the contracts of the current staff of PAC-1.

Dated covenant

- No later than 3 months after effectiveness: the Recipient has appointed an external auditor on the basis of terms of reference, and with qualifications and experience satisfactory to the Association.

IV. APPRAISAL SUMMARY

A. Economic and financial analyses

69. **Cost-benefit analysis.** For various reasons, this type of project does not easily lend itself to an economic analysis. First, the benefits associated with activities such as "capacity building" (support for local governments and communities) cannot be quantified in monetary terms. Second, given its demand-driven nature, ex-ante analysis and rate of returns analysis cannot be achieved at-entry. Thirdly, many non-monetary benefits associated with the type of investments financed by the project are expected (such as sustainable land and natural resource management, education, health, etc.) which are equally difficult to quantify.

70. However, drawing from lessons learned from CAP-1, a general analysis of the profitability of agricultural and pastoral activities (stemming from an evaluation of the RDS Action Plan, and specifically a return on investment analysis which was carried out on income generating activities, has been proposed for this operation. The cash flow analysis of the above-referenced study indicates an overall profitability of the program, ranging from 24% for agricultural activities to 25% for agro-pastoral activities at the end of the tenth year. By way of comparison, a recent study on the development and management of investments made under the Special Program, which is financed by the GoN shows that the internal rate of return (IRR) is between 22% and 46% for irrigated sites, which confirms the overall consistency for the above-described results.

B. Technical

71. In general, technical issues related to the implementation of this project are minimal and easy to handle. Responsibilities for the design, implementation and M&E of the investment component of this project (The LIF) are entrusted to communes and local communities, who will design and implement their own development activities, including fiduciary management. Lessons from the past demonstrate that with the appropriate mix of training and technical assistance, communes and local communities can release existing yet latent capacities within their midst and will showcase the adequate technical knowledge required for the implementation of basic socio-economic investments, income generating activities and land and natural resources management activities within their local communities.

72. In addition to the planned training, the project will provide technical assistance to project beneficiaries at the local level to recruit service providers who will assist them in preparing their Communal Development Plans, Annual Investment Plans and the related micro-projects to be financed through the Local Investment Fund. In addition, cooperation with sector ministries will be strengthened through partnership agreements and financial resources provided to support devolved technical services effective to ensure adequate technical input and conformity of micro-projects implemented at the local level with national directives and sector policies.

C. Fiduciary

73. A Public Expenditure Management and Financial Accountability Review (PEMFAR), including a CFAA was carried out for Niger in November 2003. The report identifies a number of areas where additional steps need to be taken to strengthen existing institutions and/or accelerate the reform process. These include: (i) budget preparation and execution; (ii) computerized financial information systems; (iii) cash management; (iv) domestic debt management; and (v) internal and external controls. The FM mission assessed the capacities of the CCN at Niamey, CCRs and Communes and found that key FM staffs of the CCN and the CCRs have previous experience in World Bank FM procedures through CAP-1. Communes FM staffs also have good experience and competence in the harmonized and simplified public accounting and internal control systems in place.

74. A FM manual and software are already in place at the CCN and will be used to develop related documented procedures for CAP-2. The conclusion of the assessment is that the CCN and CCRs financial management capacity meet the World Bank's minimum requirements under OP/BP10.02 but need to be strengthened by training the project's fiduciary staff in budget accounting and monitoring and being provided with a FM manual in conjunction with an integrated computerized financial management system. The new chart of accounts of Communes will be made official by the Government. With regard to controls, capacity of CAP-2 will also be strengthened by the recruitment of 4 Internal Controllers. The CCN will manage two designated accounts opened in commercial banks in Niamey, from which funds will be transferred to CCRs and communes' bank accounts. These arrangements will allow the CCN to prepare consolidated annual financial statements to be audited by an independent firm acceptable to the Bank, to produce IFR and to safeguard the project's assets and resources.

75. **Procurement.** A procurement capacity assessment was carried out by IDA in March 2008. Works, goods and services financed by IDA will be procured in accordance with the World Bank's "*Guidelines: Procurement Under IBRD Loans and IDA Credits*". A procurement specialist will be recruited and will assist the various beneficiaries throughout the project life; he will be located within the CCN and will work with staff located in CCR in charge of the day-to-day administration and management of procurement activities.

D. Social

76. Four key social issues to monitor throughout project implementation will include: (i) the participation of the poorest, isolated and most vulnerable groups; (ii) the participation of women; (iii) the avoidance of elite capture; and (iv) the social accountability. Drawing lessons from CAP-1, the project design has provided for strengthening the participatory process and for consolidating project interventions through a single planning instrument, the CDP. Moreover, the Government's recently issued planning guide based on participatory and inclusive processes for community development is considered a useful operational tool, which will be used in project implementation. Even though communes will be the entry point for project interventions, local communities are empowered to carry out most of the investment activities, such as income generating and land and natural resource management activities, which have the most direct benefits to the poor and women.

77. The different stages of the planning process including needs assessment, micro-project identification, design and implementation will strengthen participation of all local level stakeholders organized in thematic, social and gender-based focus groups. Moreover, specific measures are put in place so that the upstream process of approving and disbursing funds for micro-projects ensures that the above-mentioned key social issues are appropriately identified and addressed. In addition, the participatory process will be enhanced both within and with other communes. For the purpose, a number of tools are proposed such as public consultations, participatory monitoring and evaluation, community report cards and a wide dissemination system of decision-making processes.

E. Environment

78. From an environmental and social safeguard point of view, the CAP is a Category B project. This categorization is derived from the fact that the environmental and social impacts of the project are expected to be minimal, site-specific and manageable to an accepted level. There are two World Bank Safeguard policies applicable to the project: Environmental Assessment (OP 4.01) and Involuntary Resettlement (OP 4.12). The project's land and natural resource management related activities should lead to an improved environmental situation and thus provide a net benefit with respect to environmental impact.

79. For the second phase, the project built on and updated the existing Environmental and Social Management Framework (ESMF). Two new safeguard instruments, namely a Resettlement Policy Framework (RPF) and a Process Framework (PF), have also been prepared to address issues related to the triggering of OP 4.12. These include the potential for land acquisition and/or loss of economic activities, as well as restriction of access on the part of individuals or group of individuals in project intervention area.

80. The ESMF formulated standards, methods and procedures specifying how unidentified future subprojects, whose location are unknown, will systematically address environmental and social issues in the screening and categorization, sitting, design, implementation, operational phases and maintenance of the micro-project lifecycle. Also outlined in this

framework are guidelines for dealing with pest and pesticides management issues resulting from project efforts to increase agricultural productivity.

81. The RPF and PF, on the other hand, looked into the policy, legal and regulatory mechanisms on how to address cases of land acquisition, loss of livelihoods, and restriction of access in protected areas, on the part of affected people, as a result of project activities. They also provide a coherent framework, eligibility criteria and asset valuation methods for compensation and/or resettlement of affected people, as well as grievance mechanisms of affected persons, in case of unsatisfactory arrangements between the parties involved.

82. Together, these safeguard instruments, are considered both as a planning tool and a means for a harmonious integration of the project in its bio-physical and socio-economic environment and as a way to maximize positive effects on the same environment. The ESMF, RPF and PF include institutional arrangements, outlining the roles and responsibilities for the various stakeholder groups involved, for screening, reviewing and approving sub-projects, as well as for implementing and monitoring their mitigation measures. It also includes provisions for capacity strengthening, to ensure that safeguard measures are adequately implemented.

83. All instruments were cleared and disclosed in the country and at the World Bank Infoshop, prior to the project appraisal. Prior to disclosure in-country and at World Bank Infoshop, a stakeholders' workshop was organized by the CCN. This approach was used to share the results of the updating studies, mainstreaming ownership and seeking input from these stakeholders in order to improve quality and soundness of these instruments. Recommendations from both ASPEN and stakeholders workshop have been reflected in the final safeguard reports, prior to disclosure. These recommendations and relevant provisions from the three set of report will be reflected in Project Implementation Manual (PIM).

F. Safeguard policies

Safeguard Policies Triggered by the Project	Yes	No
<u>Environmental Assessment (OP/BP 4.01)</u>	[X]	[]
Natural Habitats (OP/BP 4.04)	[.]	[X]
Pest Management (OP 4.09)	[]	[X]
Physical Cultural Resources (OP/BP 4.11)	[]	[X]
Involuntary Resettlement (OP/BP 4.12)	[X]	[]
Indigenous Peoples (OP/BP 4.10)	[]	[X]
Forests (OP/BP 4.36)	[]	[X]
Safety of Dams (OP/BP 4.37)	[]	[X]
Projects in Disputed Areas (OP/BP 7.60)*	[]	[X]
Projects on International Waterways (OP/BP 7.50)	[]	[X]

* By supporting the proposed project, the World Bank does not intend to prejudice the final determination of the parties' claims on the disputed areas.

Annex 1: Country and Sector or Program Background

NIGER: COMMUNITY ACTION PROGRAM (CDD Niger - CAP-2)

Key Development Issues

1. The Republic of Niger is characterized by a widely dispersed rural population in a fragile natural environment. Almost eighty percent of the population is rural, two-thirds of which live in absolute poverty. Niger remains a very poor country with a limited natural and human resource base. Social indicators compare poorly to the average in Sub-Saharan Africa. With a per capita income of US\$260, the country ranked among the lowest in the world (174th out of 177 countries) in the 2007 Human Development Index. The share of the population living in poverty, estimated at 60.7 percent in 2006 mainly due to the high levels of population growth, recurrent droughts and a famine in 2004.

2. **Agriculture and rural development.** Despite unfavorable agro-climatic conditions and recurrent natural disasters, agriculture is undoubtedly the cornerstone and continues to play a key role for the growth of Niger's economy. The rural sector contributes to about 40 percent of GDP, a declining trend since 1980, with agriculture accounting for about 52 percent and livestock about 30 percent of rural output. The country's drought-prone subsistence agriculture is the main source of income for rural dwellers (almost 85 percent of the population lives in rural areas). Of the national actively employed population, 84 percent of men and 97 percent of women are involved in growing crops or raising livestock. Subsistence farming and animal husbandry, based on low-productivity and traditional techniques, are pursued by the majority of the rural population.

3. With an average annual sectoral growth below 2 percent over the past 40 years, well below the annual population growth rate, the challenges for the rural economy as an engine of growth are daunting and include (i) weak market access opportunities, (ii) insufficient land tenure security, (iii) poor access to key services (rural finance, agricultural research, and knowledge and information systems, veterinary services), (iv) low private investment for the expansion of irrigated agriculture, the improvement of rain-fed farming systems, and the intensification of livestock production. In this context, the biggest challenge is to achieve rapid and sustainable modernization of the agriculture and livestock sectors conducive to rural growth and poverty reduction.

Box A: Niger's rural population's access to credit

Nigeriens have very limited access to credit. What little financing is available usually comes from projects with donor-specific procedures. Following the collapse of the Rural Development Bank and the *Caisse Nationale d'Epargne*, the formal financial sector is almost completely absent in the rural sector. Banks are generally not interested in accepting the risk, insufficient collateral, and high transaction costs involved with lending to smallholders or community groups. Despite the recent expansion of decentralized financial systems, through non-banking financial institutions, recent statistics estimate that only 3-4 percent of the active population have access to credit.

4. **Food prices, insecurity and vulnerability to risk.** Food insecurity, affecting 80 percent of the population, is chronic in Niger. It is aggravated by high incidences of rural poverty, translated at the household level in low purchasing power and lack of access to food by vulnerable groups. Following a locust invasion and an extended drought, the 2004-05 agricultural season, was marked by a 25 percent decline in production compared to the average of the five previous years. Because of the low institutional capacity in the sector agencies, the agricultural crisis (cereal and fodder shortage) quickly deteriorated into a severe food crisis, illustrating the fragility and vulnerability of the country to exogenous shocks. While the crisis was primarily a food accessibility crisis, exacerbated by a shortage in supply (including from Nigeria), it also highlighted the nutrition dimension of food insecurity in Niger, in a context where social indicators are among the lowest in the world.
5. The on-going worldwide rising food prices have already affected Niger's food security and are likely to produce more damaging consequences given the country's high incidence of rural poverty, low household purchasing power and lack of access to food for vulnerable groups. The review of the 2005 food crisis in Niger shows that food aid is not necessarily the most efficient means to address food insecurity. In fact, almost 2 million people are always food insecure every year; and the cereal market performance, which is highly variable and dependent on the climate, level of production and trade conditions with neighboring countries, plays an important role in food security in the country. Therefore, in addition to the early warning systems, a balanced mix of policies and programs are needed that simultaneously (i) address the production and marketing constraints to food availability and access, and (ii) provide safety nets to help those who are in a situation of chronic food insecurity.

Box B: Climate Variability and Change in Niger

Addressing climate change is central to sustainable development and poverty reduction.

Changes in climate are observed from data from the Niger National Meteorological Department, especially the increase in the frequency of drought years in the 1990's relative to the 1961-2001 average. The observed increase in temperature follows the general trend for Africa. Climate models project a clear warming trend and therefore increased evaporation rates. It is likely that rainfall events will become more intense as well in a warmer atmosphere. Such changes will come on top of the existing high inter-annual climate variability. In light of the existing pressure and conflict potential in Niger, climate change exacerbates uncertainties and requires a more prudent and inclusive approach to managing land and related natural resources in the rural space.

While the climate-induced pressures on Niger's land and related natural resources management practices to generate ecosystem goods and services, in particular in the agriculture systems, are no doubt daunting, constraints in adaptive capacity are currently compounded by other non-climate driven problems as well. The adaptive capacity of the rural sector in Niger is at best marginal. Primary constraints include lack of technical and institutional capacity, and lack of financial resources to support adaptation initiatives. Typically, issues include maladaptive land, natural resources and farming practices such as overstocking with livestock, ploughing of erodible soils, and increasing rural populations with a concomitant expansion of agriculture into marginal regions. Without successfully addressing baseline development issues at the same time as climate risks, the likelihood of food crisis and social collapses particularly in rural areas will increase: Climate change and variability threatens to exacerbate and add to the existing vulnerabilities, unless prevention and

remedial measures are taken: Climate change present a serious challenge to the well-being of the population, and particularly to poorest in vulnerable areas.

At present, Niger's approach to coping with climate pressures has been mostly reactive. In order to adapt to climate variability and change, the country must implement strategies and policies that will dynamically ensure that development in the rural space adjusts to a changing climatic future. This requires understanding the sensitivities of development processes to current and future climatic risks and how these risks can best be managed. There is therefore a need for information focused on providing specific operational guidance on addressing climate risks, vulnerabilities, mitigation and adaptation options and the opportunities for synergies between them.

By further mainstreaming climate risk in operations in Niger, and through new advisory and analytical activity, the Bank will improve practical knowledge that helps make informed decisions in different development sector and promote adaptation to climate variability and change in support of national sustainable development priorities

6. Land and natural resources and environmental management. With increasing population concentration in the most productive zones, the sustainable management of productive natural resources, particularly land and water, has become essential to Niger's agricultural growth and rural poverty reduction.

7. Land. Niger's natural resource endowment is constantly threatened by the degradation of already fragile lands. It is widely recognized that the biggest obstacle to promoting rural development in Niger is the agro-ecological resource base, which is characterized by fragile and degrading arable land, low rainfall and periodic droughts. A combination of rapid population growth, southward migration due to droughts, and few opportunities for employment outside of agriculture, has put increasing pressure on limited amounts of fertile land, which is disappearing fast. In 1965, one quarter of Niger was arable; now only one eighth is arable whereas population has almost quadrupled during the same period. Eighty-five percent of Niger's population is thus pressed into a corridor north of the Nigerian border about 100 to 150 kilometers wide. With the encroachment of the Sahara and an apparent downward trend in rainfall across the Sahel, there is perhaps no country in the world more at risk from desertification.

8. Problems of soil erosion by water, wind and soil fertility depletion are severe both in cropland and rangelands areas, while the area of forest and woodlands has been decreasing by nearly 2 percent per year. However, large areas of Niger have increased tree cover since the early 1980s, due to increased rainfall and efforts by farmers and communities to prevent a recurrence of the ecological crisis and famines of the 1970s and 1980s. Government policies and development programs (including CAP-1) have played key roles in promoting tree protection and planning.

9. Water. Water is Niger's scarcest resource and the primary factor in agricultural productivity and, by extension, household and national incomes. By far, Niger has the lowest level of annual internal water resources in the region. Ninety-nine percent of cultivated lands are rainfed, leaving crops and farm incomes vulnerable to erratic rainfall and droughts. Farmers lack the technologies, credit, and organization to access ground and surface water and to successfully share its use.

10. **Biodiversity.** The natural flora and fauna of Niger, as for the whole of the Sahel, are well adapted to cope with the erratic and harsh climatic conditions, while the agricultural species are much more vulnerable to the climatic forces, with the associated degradation of agrobiodiversity. The increasing pressure on the diminishing natural rangelands and water resources in the south, has not only led to overall decrease in availability and productivity of these natural resources but has also led to the loss of biodiversity as a result of overexploitation of natural species used as food, fodder, household energy, medicinal products, veterinary products, and construction material, and a contraction of the herbaceous biomass and floristic alteration of the natural pastures. This resulted in continuing decline in space for livestock and pastoral activities, a key complements of agricultural production, and also became a source of conflict given that seasonal movements of pastoral people and their herds have difficulties passing through the agricultural zone to reach the country's consumption market in the South. Finally, the shrinking of the country's forest area and its degradation weaken the environment for rural production and exposes bare soils to various forms of erosion, leading at times to their irreversible deterioration.

11. **Access to basic social services.** Among Niger's 13 million inhabitants (2006 estimates), of which 48.6% are under 15 and 83% live in rural areas, living conditions and key socio-economic indicators are among the worst in the world. Life expectancy at birth is 46 years and the population growth rate is estimated at average 3.1%.

12. **Health.** Despite considerable improvements over the last 10 years, the health sector continues to suffer from inadequate financing and limited supply of basic health services and the country is still falling far behind in meeting the MDG health outcome targets. According to the recent Demographic and Health Survey 2006 (DHS, 2006), infant mortality and under five mortality rates have declined (respectively 81 per 1000 in 2006 against 156 per 1000 in 1998 and 198 per 1000 against 265 per 1000 in 1998), while immunization coverage increased (from 18 percent to 29 percent). At the same time, however, there is continued high level of malnutrition for children under five (nationwide 40 percent of under five children suffer from malnutrition and only 2 percent of children aged less than four months are exclusively breastfed), as well as persistent high fertility (7.1 children per woman), and maternal and child mortality. Mothers receive skilled attendance in only one third of births, and only 17 percent of births take place in health facilities.

13. **Education.** After years of stagnation, education coverage has improved significantly, especially over the past five years, especially with progress achieved within the Government - Donors collaborative framework of the Fast Track Initiative (FTI). Primary gross enrolment has increased from 41.7 percent in 2001/02 to 52 percent in 2004/05 and 54 percent in 2005/06, while the completion rate has risen from 25.6 percent to 36.4 percent and to 40 percent during the same period. However, Niger continues to have one of the lowest primary enrolment rates in the sub-region.

14. **Access to water and sanitation.** Only 50% of rural households have access to drinking water, which remains the single most important determinant of health in Niger. The time devoted by women and girls to gathering water and transporting goods is a major constraint to

their participation in other economic activities, as well as in literacy and education programs. Only fifteen percent of communities have access to sanitation.

15. **Transport infrastructure.** Niger's rural roads network is poorly developed, with many routes impassable in the rainy season. For those farmers who manage to produce marketable surpluses, access to consumers is difficult as the condition of the main road network is in serious decline. This has important implications for farmers' timely access to markets, as well as on the ability of extension agents and input suppliers to reach clients. When routes are in poor condition, farmers are obliged to rely on non-motorized forms of transport, a duty which often falls upon the shoulders of women and children.

16. **Decentralization and local development.** In Niger, as in most poor countries, communities struggle to find ways to manage and finance local development to meet their basic needs. For a long time, they lacked the institutional backing, the operational framework and the adequate resources to carry out their own development and improve the delivery of services.

17. The Government has long sought to develop a coherent legal and administrative framework for the transfer of powers of decision and responsibility for management of local development to local elected officials. Recently, the renewed political and administrative momentum towards decentralization has resulted in the adoption of the Decentralization Law, which focused on the creation and definition of the various levels of decentralized local authorities, and created 265 communes, 213 of which were rural and 52 urban. The Decentralization Law aimed at empowering communes to undertake their own development therefore leading to an increased and coordinated provision of services for Niger's populations especially in rural areas. For the purpose, the Decentralization Law transferred a number of mandates to the communes, including planning local development activities, natural resource management, land tenure, social services, agriculture & livestock, etc. On the basis of the decentralization and other-related laws (see Appendice A for a detailed list); municipal elections held in July 2004, accelerated the improvement of the political context and the revitalization of the decentralization process.

18. However, the implementation of the Decentralization Law has been constrained by several shortcomings including: (i) the failure by the Government to enact important legal texts (textes d'application) for enhancing the decentralization framework; (ii) the lack of transfers from the central Government to communes; (iii) inadequate provision for human resources (administrative and technical staff for local governments) and for legal control over local government's activities; (iv) difficulty at the local level to mobilize tax resources; (v) inadequate human resources in the devolved technical services which have the mandate to provide technical support and advisory services to the communal councils; and (vi) weak knowledge of the legal framework of decentralization by local elected officials and other local stakeholders.

The Government's response

19. The Government of Niger initiated several reforms aimed at addressing national poverty. The country's Poverty Reduction Strategy, adopted in 2002, recognized health, education and rural development at the central focus of poverty reduction. PRSP I was structured around four

pillars namely: (i) a macroeconomic framework ensuring economic and financial stability while promoting sustainable and robust growth; (ii) development of productive sectors, especially in rural areas, to mitigate vulnerability and stimulate income generation; (iii) improvement in the access of the poor to quality social services, including basic education, primary health care, reproductive health, HIV/AIDS prevention, water and sanitation, and adequate urban habitat; and (iv) strengthening institutional and individual capacity within and outside Government, at the central and local levels.

20. The recently adopted PRSP-2- (*Stratégie Accélérée de Développement et de Réduction de la Pauvreté - SDRP*), is the new economic, financial and social policy document for the next five years (2008–2012). The design of PRSP-2 drew lessons from the first one and its main goal is to reduce the incidence of rural poverty from 60.7% in 2006 to 42% by 2012.

21. The Government also adopted a Rural Development Strategy (RDS) in 2003 following a participatory and multi-step approach that included all stakeholders. The main goal of the Rural Development Strategy was to reduce the incidence of rural poverty from 63 percent to 52 percent by 2015, within a policy and institutional environment conducive to sustainable economic and social development, in which food security and the sustainable management of land and natural resources is guaranteed. For the purpose, three strategic objectives were defined: (i) to promote the rural population's access to economic opportunities, (ii) to prevent risks, improve food security and manage natural resources in a sustainable manner; and (iii) build the capacities of public institutions and rural organizations. The RDS is directly linked to three key pillars of the new PRSP-2 namely pillars 2: "*Promoting growth and increasing income*"; 5: "*Developing infrastructure*"; and 6 "*Promoting local governance*".

22. The RDS relies on a variety of initiatives, including structural reforms (*programmes structurants*) aimed at creating an enabling environment and high-priority programs (*programmes sectoriels prioritaires*) for promoting the development of targeted subsectors and a decentralized approach to service delivery.

23. The 2006 RDS Action Plan is now under implementation with the guidance and monitoring of an inter-ministerial committee led by MDA and with substantial donor support. CAP-2 will support three of the key programs identified in the 2006 Action Plan namely: (i) local and community development; (ii) local governance on land and natural resources management; and (iii) rural infrastructure.

24. On land and natural management issues, the Government recently formalized the decision to develop a SLM programmatic approach and requested support from the TerrAfrica partnership for among others, the elaboration of a Country Strategic Investment Framework (CSIF) that would set priorities (geographic and thematic) for SLM in the country, describe the strategy for scaling-up (i.e. key objectives, outcomes, set of activities and indicators), and define the approach and mechanisms for coordination, consultation, participation, and M&E. This Framework would help harmonize and coordinate across sectors present and future SLM investments in the country. To this end, and to support the implementation of the RDS's programmes including the UNCCD National Action Plan, the Government recently created the National SLM Committee. The mandate of the National SLM Committee's objective is to

share, coordinate harmonize and develop necessary efforts to strengthen the collective ability of all stakeholders to address barriers to SLM, and to develop and implement the CSIF. Development Partners have agreed to support this Committee, and to technically and/or financially contribute - based on their experience and comparative advantages - to the elaboration and implementation of the SLM Framework.

Rationale for Bank involvement

25. The World Bank has supported the Government's poverty reduction agenda and its decentralization process mainly through the first Community Action Program – CAP-1 (2004-2008). The CAP, which became effective on December 11, 2003, was launched by the Government of Niger, with the technical and financial support of the International Development Agency (IDA). Designed as a horizontal Adaptable Program Loan (APL), CAP-1 (i) has successfully launched the implementation of decentralized, participatory and transparent mechanisms that enabled rural communities and communes to implement their own development plans, and (ii) promoted and integrated community management of ecosystems which generated multiple positive impacts on the environment.

26. The Community Action Program is a key instrument of the Bank's support to the Government's Poverty Reduction Strategy and is in line with the Bank's Country Assistance Strategy. Its design as a three phase program demonstrated the Bank's long-term commitment. The 2003-05 CAS defined key interventions to help Niger address its main vulnerabilities. The current CAS (FY07-12) will continue supporting the Government's Poverty Reduction Strategy and its Rural Development Strategy through the proposed Second Community Action Program, and the Agro-pastoral Export Promotion Project (PRODEX I), currently under preparation. These two projects (delivery FY09) along with the Second Private Pilot Irrigation Project (PPIP2) and the Emergency Locust project (AELP), already under implementation, will form the core of the Bank's support to the Government of Niger in agriculture and rural development. First CAP-2 is one of the key instruments of the CAS's pillars 1 "*Accelerating sustainable growth that is equitably shared*" and 2 "*Increasing access to basic services and developing human capital*". Moreover, it will be used as a rapid response vehicle to deliver urgent interventions to address and/or mitigate the effects of the going food crises in rural areas.

27. The success of CAP-1 (See Appendice B implementation results), which had fully achieved its objectives, expected results and met all triggers for passage to the subsequent phase, paved the way for moving to the second phase. Key donors involved in supporting the RDS have agreed to work together through a programmatic approach, for which the Government is currently working to establish an acceptable framework. As the leading donor in rural development in Niger, the implementation of the Bank's operation will directly contribute to achieving the results of the Government's RDS-Action Plan specifically on its programs on (i) local and community development; (ii) local governance on natural resources management; and (iii) rural infrastructure.

28. Given that most stakeholders view CAP-1 as one of the most successful projects ever implemented in Niger, and their willingness to adhere to the programmatic approach and

therefore implement the Paris Declaration on aligning and harmonizing donors' interventions, the Bank is poised to play a leading role in this framework and therefore would help the Government leverage additional funding to implement the various programs of its RDS. Through the Second Community Action Program, the Bank will take the lead on improving the institutional and legal framework for community development, supporting the Government in setting up a truly multi-sectoral coordination entity for the Rural Development Strategy at the national and regional levels. It will also play a key role on specific studies and key activities leading up to the establishment of a common basket funding mechanism (the equity fund) for financing local governments.

29. Through the GEF/SIP co-financing (fully-blended with IDA), the project will also contribute to an improved enabling environment to drive and scale up best practices in Sustainable Land Management and support the Government of Niger to achieve its national objectives by promoting participatory programming and creating synergies among the Government, donors, and executing agencies. This will help strengthen donor alignment, harmonize land management-related policy dialogue, strengthen cross-fertilization and investment quality, leverage additional resources, and support engagement over a longer timeframe while reinforcing strong national leadership on SLM.

30. Finally, by further mainstreaming climate risk in the Community Action Program, and through new advisory and analytical activity, the Bank will improve practical knowledge that helps make informed decisions in different development sectors and promote adaptation to climate variability and change in support of national sustainable development priorities.

Box C: Status of the Decentralization Process in Niger and Next Steps

Niger has made significant progress in the establishment and promotion of local governance. Starting with the adoption of basic texts on decentralization in 1998, the decentralization process gained momentum in 2004 with the organization of the first local elections. Mayors were chosen in a free and transparent manner and municipal councils were set up in 265 communes. Nevertheless, there are still many challenges with respect to the legal framework, human capacities, and funding mechanisms, which PAC2 essentially aims to address. Following is an overview of the current legal framework, donors' intervention and assistance, shortcomings, and proposed solutions.

Legal framework: A list of important laws on decentralization includes: (i) Article 127 of the 9 August 1999 Constitution; (ii) Law 2001/023 of August 10, 2001 on the creation of administrative divisions and territorial collectivities; (iii) Law 98/31 of September 14, 1998 creating regions, fixing their borders, and their capitals' names; (iv) Law 98/30 of September 14, 1998 on the creation of departments and their names; (v) Law 2002/014 of June 14, 2002 creating communes and the names of their capitals; (vi) Law 2002/013 of June 14 2002 on responsibilities assignment to regions, departments, and communes; (vii) Law 2002/07 of June 14, 2002 determining financial regime of the regions, departments, and communes; (viii) Law 2003/035 of August 27, 2003 on the composition and boundary of communes; (ix) Law 2003/058 of December 10, 2003 setting up the number of seats per municipal council.

On the basis of this legal framework, the July 24, 2004 communal elections were organized and validated in September 2004; and deliberating and executive organs of these communes took place. However, experience with decentralization in the past few years has revealed severe weaknesses and limits of the legal framework which has prompted the Government to consider adjustments of the basic texts. A certain number of initiatives have been undertaken including: (i) Elaboration of the national policy framework on decentralization; its process has just started; (ii) Elaboration of a draft bill guiding the territorial organization and administration of the Republic of Niger; (iii) Elaboration of a draft bill on general laws of the territorial collectivities; (iv) Elaboration of a draft bill on the creation of a national body for funding of territorial collectivities; (v) Elaboration of a draft decree on the decentralization charter.

Partnerships and Assistance to Decentralization: The donor community has been very supportive of the decentralization process in Niger and has provided significant financial and technical support. However, there is little collaboration among donors which unfortunately doesn't allow for synergies. Often different donors intervene in the same area and don't join forces to address common issues. The main donors are the World Bank (CAP-2); the European Union (PASOPRD, PAD/DLAZ, PCD2); GTZ (LUCOP, FICOD, etc.); UNDP/UNCDF (PCLCP, PACURD), BTC/CTB (PAMED); LUX-DEV (DOSSO, MARADI); AfDB (PAD, PDEL, DIFFA); Swiss Cooperation; UNICEF; DANIDA; USAID; French Cooperation.

The types of intervention differ from one partner to another: some specialize in capacity building; others focus solely on investments. And their efforts are scattered across many areas which don't produce a big impact on the ground. Greater selectivity and better coordination by donors would certainly enhance the decentralization process and lead to better results.

Binding constraints: As identified in the sections above, there are significant gaps in the current legal framework, donor coordination, and institutional weaknesses which hinder the process of

decentralization in Niger. Globally, these constraints are: (i) Lack of a minimum number of personnel in the communes; (ii) Lack of sufficient competencies among the prefectural corps (local government ministry) to assure legal control; (iii) Lack of administrative tribunal as required by the law; (iv) Lack of funding mechanism (i.e. intergovernmental transfers) for the communes; (v) Lack of an organized mechanism for technical assistance despite the possibility of access by the communes to government's technical services as mandated by the law; (vi) Weak understanding by the main actors and the population in general about the legal framework on decentralization; (vii) Lack of a communication campaign and strategy on decentralization at the national and communal levels.

Next Steps: To overcome current challenges that are slowing down decentralization in Niger, PAC-2 has proposed to undertake the following activities: (i) Support in the elaboration of implementing decrees (textes d'application); (ii) Elaboration of an action plan to facilitate the operationalization of the decentralization laws; (iii) Design of a study on local taxation; (iv) Design of a mechanism for national technical assistance to territorial collectivities; (v) Support to different entities of coordination at the national and regional levels; (vi) Simplification and dissemination of various laws and decrees on decentralization to allow a better understanding of the process among stakeholders; (vii) Elaboration of a national strategy on training and operational processes for its implementation; (viii) Design and implementation of a strategy on communication; (ix) Strengthening of the local governance support mechanism and strengthening of government representatives' capacities; and (x) Support in the creation of administrative tribunals.

Box D: Implementation Results of CAP-1

The CAP-1 is a very successful project with major achievements in the domains of social services, income generating activities, Natural resource management, land tenure and decentralization.

On **Social services**, local communities and communes to carry out participatory processes leading to the financing of socio-economic projects including 322 primary and secondary school classrooms, to educate nearly 15000 students in decent conditions and 153 literacy centres for about 6000 adults of which 50% are women to learn reading and writing in national languages; 8 integrated health centres, 9 health posts, 6 maternities, 4 pharmaceutical depots; and to train 163 women and midwives to serve as relays thereby improving the physical access of about 300,000 people to primary health care, and finally to build 113 wells, 55 bore holes and 14 mini drinking water supply systems therefore providing drinking water access to nearly 170,000 people, thus reducing the burden carried by women.

On **income generating, activities**, the project financed 1,000 income-generating micro projects in the areas of agriculture, fisheries and pastoral activities benefiting nearly 100,000 people of which 80% are women and improved their income by over 10%. Taking into account the size of the beneficiary families, it is estimated that about 700,000 people have directly or indirectly benefited from this project.

On **natural resources management**, the project helped set up the operations of one of the first BioCarbon Fund (BioCF) initiatives in sub-Saharan Africa. To this end, 7000 ha of land were recovered and acacia senegalensis planted in 2006 and 2007 (it is estimated that 21000 ha will be planted by 2011). Nearly 9000 hectares of land including a portion of BioCF sites were built with sustainable land management technologies therefore reducing water erosion in 88% of these sites based on monitoring survey results carried out by the Project. The project is also involved in 7 ongoing GEF sites and successfully secured the commitment of local communities and their involvement in the protection and rational exploitation of their natural resources and rehabilitation of biodiversity in 86% of these sites. Finally, the project supported the construction of 2,200 improved stoves thereby reducing by at least 50% the consumption of firewood, 330 latrines of which more than 50% in schools and 215 garbage dumps therefore significantly improving the lives of the Nigerian people.

On **land tenure issues**, the project supported the development and adoption of a decree establishing the communal land commission and setting up 11 land commissions that began to issue land acts at the municipal level resulting in the prevention of social conflicts.

On **decentralization**, the project strengthened the capacity of municipal councils in local development planning, and in administrative, fiscal and budgetary management. The project supported the elaboration and adoption of the local development planning guide therefore providing a basis for all local actors' interventions at the commune level, improving the recovery rate of local taxes, which rose by over 20% in more than half of the communes supported by the project. Finally, the project financed studies and workshops leading to the development of three bills on decentralization which are expected to be adopted soon including (i) the code general des collectivités; (ii) the devolution charter; and (iii) the local equity fund for decentralized financing.

Source: Government draft ICR, project impact assessment and project data files.

Box E: Status of achievement of CAP phase one triggers as of 30 June 2007

Description of triggers for Phase II (modified and adopted at mid-term review)	Indicator value Reference (09/05)	Value at mid-term review (02/06)	Value as of 30 June 2007	Target at end of phase I 31/12/06	Revised target at 31/12/07
1. Beneficiaries assessment concluded that 90% of the communities and local stakeholders are satisfied with the CAP, and would like to see the program continue.					
1.1 Proportion of communes satisfied with CAP interventions	NA U=54 communes	NA U=54 communes	85% U= 53 communes	80%	90%
1.2 Proportion of village clusters satisfied with CAP interventions	NA U=178 clusters	NA U=178 clusters	88% U=173 clusters	80%	90%
2. At least 90% of target communities benefited from capacity building, and prepared their LDPs					
2.1 Proportion of clusters in which members of management organs underwent at least one training course with CAP support	93% U=178 clusters	100% U=178 clusters	100% U=178 clusters	90%	90%
2.2 Proportion of clusters which validated their LDPs with support from CAP audits partners	45% U=178 clusters	71% U=178 clusters	100 % U=178 clusters	90%	75%
3. Proportion of approved micro-projects, which take into account environmental and social protection measures in their implementation (PO 4.01 Environmental assessment, PO 4.04 Natural habitats, PO 4.12 Involuntary reintegration)	80% U=934 Micro-Projects	99% U=996 Micro-Projects	78% U=2.280 Micro-Projects	25%	32%
4. Proportion of communes that received training in fiscal, administrative and budget management	0% U=54 councils	41% U=54 councils	100% U=54 councils	50%	64%
5. The Government is resolutely pursuing the decentralization process and community development policy through:					
5.1 Organization of municipal elections	Implemented	Implemented	Implemented		
5.2 Preparation of draft text for the deconcentration chart	Not implemented	Not implemented	Implemented		
5.3 Preparation of the draft text on local Government support funds	Not implemented	Not implemented	Implemented		
5.4 Preparation of local and community development policy draft law	Not implemented	Not implemented	Implemented		

* U: Area of study. Source: Second report on monitoring of CAP I provisional outputs

Annex 2: Major Related Projects Financed by the Bank and/or other Agencies

NIGER: COMMUNITY ACTION PROGRAM (CDD Niger - CAP-2)

1. Bank-financed Projects

Sector Issues	Project	Last supervision	
		IP	DO
Community and Local Development	Community Action Program (CAP-2) 1	MS	S
Agriculture, crops protection & disaster prevention and mitigation	Emergency Locust Project	MS	MS
Agriculture, Irrigation	Pilot Private Irrigation Promotion Project (PIIP2)	HS	S
Agriculture, Irrigation	Private Irrigation Promotion Project (PIIP)		
Agriculture, Commercialization	Agro Pastoral Export Promotion Project (PPEAP)	I	S
Agriculture, Commercialization	Agro Pastoral Export and Market Development Project		
Education	Education III	S	S
Education	Basic Education Program	MS	MU
Health	Health Project II	S	S
Health	Multi-sector HIV/AIDS Project	MS	MS
Health	Institutional strengthening and health sector Support program	S	MS
Transport	Transport Infrastructure Rehabilitation Project	S	I
Transport	Transport Sector Program Support Project PAPST)		
Urban development	Urban Infrastructure Rehabilitation Project	S	S
Urban development	Local Urban Infrastructure Development Project (PDIL)		
Water	Water Sector Project – Additional Financing		
water	Water Sector Project		

2. Other donor-financed Projects

Donor	Projects	Status
AfDB	Projet d'Appui au Développement Local de Diffa (PADL)	Active
AfDB	Projet de Valorisation des Eaux dans les Régions de Dosso et Tillabéry (PVDT)	Active
AfDB	Projet d'Appui au Développement Agricole dans la Région de Zinder (PADAZ)	Active
Coopération Suisse	Projet d'Appui au Développement Local de Gaya	Closed
Coopération Suisse	Projet d'Appui au Développement Local dans la région de Maradi	Closed
Coopération Suisse	Programme d'Appui á la Gouvernance Locale (PAGL)/Fonds de Soutien aux Investissements Locaux á Maradi	Active
IFAD	Projet d'Appui aux Initiatives Locales dans le département d'Aguié	Active
IFAD	IDRAR Maradi	Active
FAO	Projet de Développement Rural de Mayahi	Suite PCLCP
FAO	Projet Intrants Niger	Active
FAO	Projet Sécurité Alimentaire (SSA)	Active
PNUD/UNCDF	Programme Cadre de Lutte Contre la Pauvreté/Projet d'Appui au Développement Local de Mayahi, Nguigmi, Téra, Zinder	Active
PNUD	Projet Petites Subventions	Active
GTZ	Projet de Lutte Contre la Pauvreté (LUCOP) á Tillabéry et Tahoua	Active
PNUD	Projet Petites Subventions	Active
GTZ	Projet de Lutte Contre la pauvreté (LUCOP) à Tillabéry et Tahoua	Active
UE	Programme de Coopération Décentralisé (PCD)	Active
UE	ASAPI	Active
UE	PSSP Tahoua	Active
FAO/Italy	Programme de Développement Rural Ader Doutchi Maggia-Keita (PDR/ADM)	Closed

Annex 3: Results Framework and Monitoring

NIGER: COMMUNITY ACTION PROGRAM (CDD Niger - CAP-2)

1. Results Framework

PDO	Project Outcome Indicators	Use of Project Outcome Information
Improve Rural Communes capacity to design and implement in a participatory manner Communal Development Plans (CDP) and Annual Investment Plans (AIP) and therefore contributing to enhance rural livelihoods	<p>Percentage of targeted communes for which more than 50% of the population are satisfied with the implementation of the CDP through the Annual Investment Plan (AIP)</p> <p>Percentage of targeted communes that increase the rate of coverage of social services by more than 2% in one of the following three sectors : education, health, potable water</p> <p>Percentage of beneficiaries of income generating activities who increase their revenue by 30%</p>	Assess the need to adjust the planning and implementation of local development activities and the aptitude of Communes to improve their constituencies' livelihoods
GO		
The Global environment objective of the proposed project is to reduce land degradation and promote sustainable land management (SLM) in Niger	<p>Percentage of targeted communes in which more than 200 additional hectares of land are protected and reclaimed</p> <p>Percentage of targeted communes setting up land tenure commissions that start delivering land titles</p>	To assess the increased livelihood and revenues of targeted communities
Intermediate Outcomes	Intermediate Outcome Indicators	Use of Intermediate Outcome Monitoring
Component A: Capacity Building		
Improved capacity of communes to address priority needs of communities, mobilize adequate resources, implement and monitor local development activities	<p>Percentage of targeted communes that design /update their CDP according to the National Planning Guide</p> <p>Percentage of targeted communes using the RDS methodological guide to plan SLM activities</p> <p>Percentage of targeted communes that organize annually public meetings during which they report on their activities</p> <p>Percentage of targeted communes that adjust their CDP and AIP based on feed back from communities</p> <p>Percentage of targeted communes that set up adequate measures to ensure sustainability of micro projects</p>	To gauge the appropriateness of operational tools and capacity enhancement activities for the effective management of participatory local development and sustainable land and natural resource management

	(management committees, maintenance fund and technical assistance contracts)	
Improved the institutional and legal framework for participatory local development	<p>Percentage of performance-based contracts with public services satisfactorily implemented at communal level</p> <p>Percentage of targeted communes in which private and public service providers are trained in Natural Resource Management and Sustainable land management</p> <p>Percentage of targeted communes where 100% of micro projects are in compliance with environmental and social safeguards.</p>	
Component B: Local Development Fund		
Communes and Communities receive and account for funds in timely and transparent manner	<p>Percentage of communes with more than 80% of micro-projects implemented in compliance with financing agreements</p> <p>Percentage of communes in which more than 50% of the population are aware of communes' priority activities, budget and resource management</p> <p>Percentage of targeted communes mobilizing more than 30% of internal and other resources to co-finance the AIP</p> <p>Percentage of communes in which technical audits are satisfactory and financial audits are unqualified</p> <p>Percentage of communes that publicize on their bulletin board each transfer of funds received from the project in less than 7days after the transfer is effective.</p> <p>Hectares of land reclamation and protection</p> <p>Hectares of Acacia Senegalensis under the Biocarbon fund transaction</p>	To measure the ability of communes to adequately identify, and implement solutions that respond to their priority basic needs
Component C: Project Coordination, Management, Monitoring and Evaluation		
Efficient management, monitoring and evaluation of project and dissemination of implementation results	<p>Percentage of communes that submits quarterly M&E reports on time</p> <p>Project bi-annual implementation progress reports are disseminated to public services Donors and other relevant stakeholders.</p> <p>Number of collaboration agreements signed with other projects at the regional</p>	To ensure that technical and fiduciary management is adequate and that mitigation measures are in place for timely action.

	<p>level which are satisfactorily implemented</p> <p>Annual audit opinion has been unqualified.</p>	
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2. Arrangements for results monitoring

1. **Objectives of the M&E system:** The purpose of the M&E system are: (i) to promote learning from the project activities leading to improved management of the project and improved selection and performance of similar projects in other contexts; (ii) to ensure accountability of the project to its key and other stakeholders, including the target beneficiaries and (iii) to build M&E capacity within national institutions, to evaluate progress made in implementing national strategies on decentralization and land and natural resource management (UNCCD, UNCCC action plans), and disseminate lessons learned.

2. CAP-1 successfully set up a results-based M&E system which efficiently (a) assessed and documented timely progress towards outputs, outcomes, and impacts as agreed in the annual work plans; (b) identified implementation gaps for proactive corrective actions; (c) identified and incorporated lessons learned into project implementation; and (d) conducted two impact assessments on the project’s development and environmental objectives. This system will be consolidated and improved.

3. **Monitoring and evaluation approach:** The M&E system contains two main components to achieve these objectives. First, a monitoring and reporting system will track progress and performance of the project in using inputs, completing activities, producing outputs and generating near-term outcomes and impacts. Second, an impact evaluation framework will measure the impacts of the project in promoting the development and environmental objectives of the project. The operation of these two components will complement each other in order to improve and demonstrate the performance and impacts of the project. For example, the monitoring and reporting system will provide supporting information that can explain how and why the impacts measured by the impact evaluation framework occurred; while the impact evaluation framework will provide baseline information and a mid-term assessment that will guide further development of the monitoring system and indicators. Both of these components will feed information into the knowledge management system of the project, which will be used both to guide management decisions made within the project and to inform decision makers pursuing similar activities in other contexts.

4. It is anticipated that the monitoring and reporting system may evolve during the course of the project. Although some indicators have been pre-selected based on the long term and intermediate objectives shown in the results framework, refinements to the suggested indicators may be made and additional indicators may be selected for monitoring. Refinements and additional indicators can be based on the use of impact pathway analysis, using a participatory process at the local level to identify indicators that are well suited for assessing the outputs and outcomes of specific activities and micro-projects. This approach will include other SIP/TerrAfrica indicators that contribute to the M&E of sustainable land/natural resources management activities. This work will feed into the regional SIP M&E desk as defined in the operational manual.

5. The impact evaluation will be based on analysis of data collected before project implementation (baseline survey), after the second year of the project (mid-term review), and after completion of the project (post-project evaluation). For the purpose of reliably attributing changes in outcome indicators as being the result of the project, baseline and follow up data will be collected both from a sample of communes and villages where project activities are to be implemented, and from non-project communes and villages selected to be as similar as possible in their pre-project characteristics.

Roles and responsibilities for monitoring and reporting

6. **At the community level.** Information and data on project implementation concerning micro projects financed under component B and on the project's impact will be collected by services providers. Their M&E responsibilities will be specified in their contract. Supervision and technical support missions will be regularly organized by the project's national monitoring and evaluation team or contracted to specialized service providers or independent consultants. Tested and validated data collection tools available at the national level will be used by service providers for carrying out their M&E responsibilities. Monthly reports will be issued based on data collected, and community leaders will oversee implementation progress relative to the annual community work plans and ensure that corrective measures are taken in a timely manner to address implementation problems identified in monitoring reports.

7. **At the commune level.** The secretary general of the commune will have overall responsibility for reviewing and consolidating monitoring reports from the communities in order to validate the implementation progress against the overall communes' annual work plan. Based on communities' reports, he will prepare consolidated monthly reports on implementation progress and indicators of outputs and outcomes, and submit them to the regional M&E coordinator through the departmental focal point. Feedback from the regional M&E will be given to communes after processing and analyzing the data. Using this information, the communal council will provide timely assistance to the communities to address problems adversely affecting project implementation.

8. **At the regional level.** The regional M&E coordinator will collect and validate the progress reports and monitoring information from the communes and prepare a quarterly report on the progress and achievements of the project in the region, which will be submitted to the National Coordinating Unit. The regional Government will provide timely assistance to the communes to address problems adversely affecting project implementation, and will incorporate lessons learned and necessary adjustments into the regional development strategy and annual work plans. A database linked with the national level will be installed and fed at the regional level.

9. **At the national level.** The national M&E team will lead all aspects of monitoring and evaluation. It will provide questionnaires and data collection tools to the regional and local levels, collect and validate upstream reports and monitoring information from the regional M&E coordinators, incorporate this information into the project knowledge management system (which will include a geographically referenced database of the quantitative data collected), analyze the information and produce quarterly and annual progress and monitoring reports. The M&E team may engage external experts to assist with several of more technically challenging aspects of its

responsibilities, such as defining and measuring new indicators. The project coordinator will ensure that the M&E information collected is incorporated into the knowledge management system and used to inform project management decisions.

10. **Project implementation agencies/partner institutions.** National institutions involved in project implementation (MDA, MIS/D, MAT/DC, HCME, ME/LCD) will also have a key role in the monitoring and evaluation system. The project will provide technical support and training to these institutions in order to facilitate their roles. A capacity assessment will be conducted at project effectiveness to identify their capacity needs and to tailor the project's activities accordingly. Based on agreed formats and tools, these institutions will issue quarterly M&E reports, which they will transmit to the National Coordination Unit. These reports will be processed by the national M&E team and their contents integrated in the project quarterly report. The CCN will ensure that the project's M&E information is appropriately disseminated to key stakeholders (e.g., the SDRP, the RDS secretariat, MDA, etc.), and ensure that the information in the knowledge base is also available to local stakeholders within Niger (e.g., regional Governments, communes, civil society organizations). A specific report, based on template to be developed in consultation with the national focal point for UNCCD and UNCCC will be produced annually, with the objective to inform on the project's contribution to the implementation of the main Multilateral Agreements on the environment. Information will also be shared with the regional SIP M&E desk as defined in the operational manual.

11. **Roles and Responsibilities for Impact Evaluation.** There will be two impact evaluations during the life of the project, at mid-term and at project completion. These assessments will be designed and undertaken by an independent team, with the support and participation of the national M&E team and regional M&E coordinators. This team will process and document the data collected in geographically referenced databases, and prepare baseline, mid-term and post-project evaluation reports. The mid-term and post-project evaluation reports will be subject to rigorous review by national stakeholders and internationally recruited peer-reviewers prior to being finalized and disseminated. The Government of Niger, the World Bank and other development partners will use the mid-term and final evaluations to make all necessary adjustment in project implementation or in subsequent operations in the country.

12. The results of these various studies will be disseminated to key stakeholders at the national level notably the Executive Secretariats of SDRP and RDS in order to ensure that CAP's contributions are fully accounted for in the implementation of national strategies.

Arrangements for results monitoring

Indicators	Type I/P	Baseline	Target Values end project	Yearly Target Values					Frequency and Reports	Data Collection Instruments	Responsibility for Data Collection
				YR1	YR2	YR3	YR4	Cumul			
Outcome indicators											
Project Development Objective											
Percentage of targeted communes for which more than 50% of the population are satisfied with the implementation of the CDP through the Annual Investment Plan (AIP)	I	10	50% of increase in average	20	30	40	60	60	Year	Survey	CNC
Percentage of targeted communes that increase the rate of coverage of social services by more than 2% in one of the following three sectors : education, health, potable water	P	5	50	0	20	40	50	50	Year	Survey	CNC
Percentage of beneficiaries of income generating activities who increase their revenue by 30%	P	0	70% of increase	0	50	50	70	70	Year	M&E	CNC
Global Objective											
Percentage of targeted communes in which more than 200 additional hectares of land are protected and reclaimed.	P	0	60%	0	20	40	60	60	Year	M&E	CNC
Percentage of targeted communes setting up land tenure commissions that start delivering land titles.	P	20	80	30	50	80	80	80	year	M&E	CNC
Results Indicators for Each Component											
Component 1											
Percentage of targeted communes that design /update their CDP according to the National Planning Guide	P	50	50%	0	25	50	50	50%	Year	M&E	CNC
Percentage of targeted communes for which more than 50% of the population are satisfied with the design of the Communal Development Plan (CDP)	I	10	70% of increase	0	60	60	70	70	Once every two years	Survey	CNC
Percentage of targeted communes using the RDS methodological guide to plan SLM activities	P	0	60%	0	20	40	60	60	Year	M&E	CNC
Percentage of targeted communes that organize annually public meetings during which they report on their activities	P	0	90	0	50	60	90	90	Year	M&E	CNC
				0		60					

Indicators	Type I/P	Baseline	Target Values end project	Yearly Target Values					Frequency and Reports	Data Collection Instruments	Responsibility for Data Collection
				YR1	YR2	YR3	YR4	Cumul			
Percentage of targeted communes that adjust their CDP and AIP based on feed back from communities	P	0	80		50		80	80		Surveys	CNC
Percentage of performance-based contracts with public service providers satisfactorily implemented at communal level	P	0	80	80	80	80	80	80	Year	M&E	CNC
Percentage of targeted communes that set up adequate measures to ensure sustainability of micro projects (management comity, maintenance fund and technical assistance contracts)	P	0	80	30	50	60	80	80	year	M&E	CNC
Percentage of targeted communes where 100% of micro projects include environmental and social safeguards	P	0	90%	30	50	60	90	90	year	M&E	CNC
Percentage of targeted communes in which private and public services providers are trained in Natural Resource Management and Sustainable land management	P	0	80	30	50	70	80	80	year	M&E	CNC
Component B											
Percentage of communes with more than 80% of micro-projects implemented in compliance with financing agreements	P	0	70%	0	50%	60%	70%	70%	Year	M&E	CNC
Percentage of communes in which more than 50% of the population are aware of communes budget and resource management	P	0	80%	0	60%	70%	80%	80%	Year	Survey	CNC
Percentage of communes in which technical audits are satisfactory and financial audits are unqualified	P	0	80%	50%	70	80	80	80	Year	audit reports	CNC
Percentage of targeted communes mobilizing more than 30% of internal and other resources to co-finance the AIP	P	15%	50%	10	20	35	50	65	Year	M&E	CNC
Percentage of communes that publicize on their bulletin board each transfer of funds received from the project in less than 7days after the transfer is effective	P	0	100%	50	75	100	100	100	quarterly	M&E	CNC
Hectares of land reclamation and protection	P	0	30000	7000	15000	25000	30000	30000	Year	M&E	Ministry of Environment
Hectares of Acacia Senegalensis under the Biocarbon fund transaction	P	7000	15000	5000	10000	15000	15000	22000	Year	M&E	Ministry of Environment

Component C											
Percentage of communes that submits quarterly M&E reports on time.	P	0	100	50	60	80	100	100	Quarterly	M&E	CNC
Project bi-annual implementation progress reports are disseminated to public services Donors and other relevant stakeholders.	P	0	S	S	S	S	S	S	Semester	M&E	CNC
Number of collaboration agreements signed with other project at the regional level satisfactorily implemented	P	2	8	4	6	8	8	10	Year	Collaboration agreements	CNC
Project annual audit opinion has been unqualified.	P	S	S	S	S	S	S	S	Audit reports	Audit reports	CNC

Annex 4: Detailed Project Description

NIGER: COMMUNITY ACTION PROGRAM (CDD Niger - CAP-2)

Component A: Capacity Building (US\$7.63 million)

Subcomponent A1: Capacity Building for communes and their communities

1. **Objective of the subcomponent.** The sub-component aims to strengthen the administrative, technical and fiscal capacity, and to empower selected communes to exercise their institutional mandates as stipulated in the Decentralization Law, to use decentralized and participatory procedures in planning, designing, implementing, and managing their own development, through efficient partnerships with grassroots communities. In addition, this subcomponent will strengthen the capacity of communes and local communities to manage their land and natural resources in a productive, integrated and sustainable manner, and to address climate change concerns adequately in their local development process. Two groups of beneficiaries are targeted.

2. **Capacity Building Activities for communes:** The implementation of this sub-component will strengthen the capacity building activities undertaken during CAP-1 and extend the same efforts to 54 additional communes. The project will provide training, and technical support to communes to organize and conduct participatory planning, prepare Communal Development Plans, design, implement and monitor micro-projects, some of which will be financed by the Local Investment Fund (Component B).

3. Specifically, the project will finance the following activities: (i) Sensitizing elected officials and local stakeholders on the existing decentralization and related laws; (ii) Training on participatory planning, management and monitoring of local development activities, (iii) Disseminating existing national planning tools for local governments, (iv) developing, validating and disseminating operational manuals and tools adapted for communes' use in local development management (simplified procurement manual based on the national procurement system, delegated contract management tools, participatory monitoring and evaluation tools), (v) Providing technical support for the drafting and implementation of Communal Development Plans, training and communication programs; (vi) Providing technical support and training of communes in the implementation of information, education and communication (IEC) activities on the implementation of CAP-2 and other local development programs/projects, (vii) Training and supporting the establishment of local planning and management committees to ensure a better articulation of inter- and intra-communal interventions, and (viii) Training private operators and partners at the local level.

4. **Capacity building activities for communities:** The project will promote the participation of grassroots communities and villages and empower them to become efficient partners of their local governments in the commune's development. Thus, the following activities will be carried out: (i) developing a communications strategy and tools adapted to grassroots communities' training and information needs; (ii) IEC and training of community stakeholders on their roles and responsibilities, local governance control; (iii) supporting the

development and translation into national languages adapted operational manuals for grassroots communities' use in the implementation and monitoring local development activities, (iv) training and supporting grassroots communities in participatory planning and implementation, management and monitoring of improved micro-projects.

5. Specifically on SLM activities, the project will finance sensitization workshops at the local level, provide training and support communal and community stakeholders in mainstreaming sustainable land management in the local development process. The project will also support the development of several communications products for sensitization, awareness building, communication and knowledge management to support scaling up and replication of SLM activities. Finally, the project will support the communes in setting up their communal land tenure committees (COFOCOM), which will have responsibilities for securing communal natural resources and delivering land tenure acts.

6. **Implementation.** The implementation of this sub-component will be entrusted to the National Coordination Unit (CCN) of CAP-2, which will work in close collaboration with national institutions which have responsibilities of piloting the implementation of activities related to strengthening the institutional and legal framework for local development (Sub-component A2).

7. At project effectiveness, the CCN will develop a capacity building program targeting all stakeholders at the local level, and taking into consideration their current capacity level. This plan, which will be submitted to IDA for approval, will be the basis for the implementation of capacity building activities in favor of beneficiaries at the local level. This training program will describe the beneficiaries, the implementation strategy and planning throughout the duration of the project, covering both CAP-2 beneficiaries as well as needed capacity building activities to be carried out in beneficiary communes of the first phase. In addition, the capacity building program will include specific training and sensitization activities for empowering local stakeholders on SLM. Finally, the CCN will recruit private sector service providers to execute the training program using national training modules and other available tools to support communes in the participatory planning.

8. Monitoring the implementation of activities carried out in this sub-component will be the responsibility of the national institutions respectively in charge of local governments (General Directorate of Territorial Administration and Local Governments), community and local development (Directorate General of Community Development) and environmental monitoring (Directorate General of Water Resources and Forestry).

Subcomponent A2: Capacity Building for Legal and Institutional Framework for Local Development

9. **Objective of this subcomponent.** The objective of this sub-component is to improve the institutional and legal framework for participatory local development. CAP-2 would contribute to the improvement of this environment by working with key national institutions responsible for promoting decentralization and local development and in the framework of the RDS including MDA, MIS/D, MAT/DC, HCME and ME/LCD. Specifically, and based on the functions of each institution, CAP-2 will support the following:

10. ***For the Ministry of Interior, Public Security and Decentralization (MISP/D):*** (i) Developing, disseminating and monitoring the implementation of legislation on local governments management: legislation on local governments staffing and its subsidiary legislation (clarifying the fundamental principles of self-government for regions, departments and communes, communes' financial system, and transfer of skills) and on decentralized cooperation; (ii) Capacity building of staff responsible for the supervision of local governments in the areas of technical support, and administrative control; (iii) Capacity building of Ministry staff (training, workshops, study tours, provision of office equipments and tools); and (iv) Supporting the ministry in the area of monitoring and evaluation.

11. ***For the Ministry of Planning and Community Development (MAT/DC):*** (i) Developing, disseminating and monitoring the implementation of operational tools on communal planning tools: (i) Updating the communal planning guide, (ii) Developing and disseminating CDP monitoring and evaluation tools; (ii) Developing action plans for implementing a national policy on local and community development (PNDLC); (iii) Capacity building of the Ministry (training, workshops, study tours, provision of office equipments and tools); and (iv) Supporting the Ministry in the areas of M&E and the establishment of a communal database.

12. ***For the Ministry of Agriculture Development (MDA):*** The project will support (i) The RDS executive secretariat to set up and operationalize an effective monitoring and evaluation system for integrated management of the various programmes of the RDS; (ii) The set up of the various Steering Committees at the national and regional levels; and (iii) The Inspectorate General for carrying out yearly technical audits of the implementation of project activities at the local level.

13. ***For the High Commission for State Modernization (HCME):*** (i) Publishing and disseminating the general code on local governments (CGCT); (ii) Supporting the development and dissemination of subsidiary laws on the general code; (iii) A survey of local taxation; (iv) Defining a legal framework for delegated contract management; (v) Developing a legal framework for inter-communal cooperation; (vi) Publishing and disseminating the devolution charter; and (vii) Capacity building of the Commission (training, workshops, study tours, provision of office equipments and tools).

14. *For the Ministry of Environment and the Fight against Desertification:* (i) Disseminating studies and reviews carried out on SLM (impact study of SLM activities on poverty, harmonization guide, etc.); (ii) Developing land use and natural resource management plans and organizing workshops for their validation; (iii) Promoting awareness and training on best practices and exchanging experiences on SLM techniques; (iv) Developing communications products on SLM practices/technologies and disseminating newsletters on best practices; (v) Organizing training on SLM techniques; (vi) Organizing a validation workshop on the CSIF on SLM; (vii) Replicating the CSIF in one of the country's 8 administrative regions; (viii) Supporting the Bio-carbon Unit; and (ix) Developing a knowledge database on SLM.

15. **Implementation.** The implementation of activities carried out in this sub-component will be the responsibility of the concerned national institutions. However, the National Coordination Unit (CCN) of CAP-2 will coordinate the implementation of the activities. When justified, consultants will be recruited to support the national institutions during implementation.

Component B: Local Investment Fund (LIF) (US\$31.80 million)

16. The Local Investment Fund (LIF) is a funding mechanism that will channel grants to communes and grassroots communities to enable them to finance socio-economic micro-projects, income generating and land and natural resource management activities. Its objective is to stimulate local development and to empower communes and communities to provide a response to their priority needs.

17. Before LIF resources are transferred, capacity building activities will be undertaken in order to empower beneficiary communes and communities to prepare their communal development plans and annual investment plans through a participatory process. These activities will be carried out in component A1.

18. Drawing lessons from the first phase of the project, the LIF 2 will consolidate the achievements of the first phase in the communes and communities that originally benefited from the investment, and to launch the operational phase of transferring responsibilities to 54 new communes and empower them to lead their own development. CAP provided a significant contribution to the fight against poverty. More than 1546 micro-projects had been financed, benefiting 178 village clusters and 54 communes.

19. Another remarkable success of the LIF is its contribution to the Government's efforts in combating desertification. CAP-1 introduced an initiative on integrated community management of ecosystems, which resulted in communities undertaking land recovery activities and the planting of Arabic gum on nearly 7800 hectares. CAP-2 will provide additional funding to complete the activities launched during the first phase in beneficiary communes and communities and will support the launching and extension of this initiative.

20. The IDA resources will be supplemented by a blended Global Environment Facility (GEF) grant, counterpart contributions from the Government of Niger and the project's beneficiaries.

21. **Key features of the LIF:** There is no fundamental change in the design of the LIF, which has similar characteristics as the first phase, namely: (i) the participation of all social groups in the identification and selection of micro; (ii) an open list choice with a small negative list; (iii) the mandatory contributions of the beneficiaries; (iv) transparent management of resources, (iv) the empowerment of the beneficiaries in the maintenance and operation of their investments, and in monitoring and evaluation of the process and results; and (v) conformity with national and sector policies including environmental and social safeguards policies.

22. In the beginning, the LIF will operate according to procedures agreed between IDA and the Government of Niger. However, given that the Government is in the process of launching reforms and setting up a decentralized basket funding mechanism for local and community development, it is expected that once the necessary reforms are effective, the government's mechanism will be used to finance local development and the funds in the LIF will be transferred directly into the communes' account and managed using public accounting principles.

23. Micro-projects to be financed through the LIF will cover several sectors including: (i) socio-economic investments such as education (village schools, literacy programs), health (health centers, health posts, prevention of diseases such as HIV/AIDS/STI), water and sanitation (wells, boreholes), rural transport (rehabilitation of local roads, small works); (ii) production and income generating activities including agriculture, fish farming and livestock (irrigation, vegetable growing, seed production, livestock production and fattening, grain banks, fish farming, food processing, animal husbandry, beekeeping), and (iii) sustainable land and natural resource management activities. The list of activities will be detailed in the project implementation manual.

24. The LIF is a matching grant. As such, its beneficiaries are expected to provide their own contributions to the value of the investment, either in cash, or more likely in the form of labor or materials. Depending on the type of micro-projects, the contributions of the beneficiaries will vary between 5% (for SLM activities including labor costs) to 20 % (for socio-economic micro-projects), except for extremely poor and most vulnerable groups identified within the communes, from whom no contribution will be required. The LIF will fund micro-projects based on priority needs identified by the communes and their communities through a participatory planning process and proposed in their Communal Development Plans and Annual Investment Plans.

25. Although the LIF is a demand-driven financing mechanism, a list of non-eligible investments, as described in the project implementation manual, will guide the communes and communities in the selection of micro-projects.

26. **Resource allocation:** An annual allowance will be granted to each commune on the basis of clear eligibility criteria established by the Government taking into account the poverty

level. The financial envelope will be determined on the basis of a yearly per capita amount through a formula that includes three parameters including (i) the size of the population, (ii) the size of livestock, (iii) the poverty level, and (iv) the level of environmental degradation (index of the risk of desertification and overall environmental index).

27. Fiduciary management of the grants is the sole responsibility of the local governments who will work closely with the beneficiaries. Given that the project is primarily a tool to support GoN's Rural Development Strategy, and drawing lessons from the first phase, it is expected that most of the fund will finance production and income generation activities and sustainable land and natural resources management activities. However, in order to ensure that local governments are able to provide the basic socio-economic services which fall under their institutional mandates, up to 30% of the LIF can be used to finance socio-economic infrastructures if they are indeed selected in the annual investment plans through the participatory process, whereas up to 35% can be used to finance income-generating activities and 35% for sustainable land and natural resource management.

28. ***Identification and selection of micro-projects.*** The communes will assume full responsibility for the selection of micro-projects. In this regard, the capacity-building activities planned in component A1, will include support in recruiting facilitators (firms, NGOs) to assist the beneficiary communes in organizing, planning and developing their Communal Development Plans. The beneficiary communes will seek technical support from private sector services providers or from devolved technical services of the concerned ministries to prepare the required technical documents and execute their own micro-projects.

29. Each fiscal year, micro-projects to be financed by the project will be included in the annual investment plan (PIA) which will be prepared by the communes and approved during a special session of the municipal council. The special session will be attended by, among others, community representatives and devolved technical services.

30. In order to ensure that local and community development is carried out in conformity with national guidelines and sector policies, all micro-projects financed by the LIF will be subject to the appropriate validation by the concerned technical services. No micro project shall be financed if it is not previously approved by the concerned technical services and/or if the appropriate screening on environmental and social safeguards policies is not undertaken and required mitigation measures incorporated in the design of the micro project. For the purpose, technical staff of the Ministry of Environment and the Fight against Desertification at the department level will be charged with the responsibility of screening micro-projects proposed by beneficiaries and monitoring implementation of the required environmental and social safeguards mitigation measures.

31. Micro-projects selected in the Communes' Annual Investment Plan and annual budget, which will be subject to the required administrative control (by the departmental authorities-the Préfet), will be transferred by the communal authorities to the regional coordinator of CAP-2 and will be subject of a financing agreement between the two sides. For micro-projects to be carried out by communities, local governments will sign a delegated contract management

agreement with the beneficiaries (CBOs, farmer organizations, etc.). A sample of financing agreement and delegated contract management agreement already exist and will be detailed in the project implementation manual.

32. ***Transfer and management of LIF proceedings at the local level:*** The transfer of resources from the LIF is linked to the successful implementation of the capacity building activities to ensure that the communes have the minimum skills to manage the resources effectively. Once the financing agreements are signed, the National Coordination will transfer funds to the communes according to their financing plan. The amount will be transferred directly into the communes' Bank accounts opened in a commercial bank in accordance with the financing plan, attached to their financing agreement. These funds will be managed in accordance with the principles agreed between IDA and the Government of Niger as described in the project implementation manual.

33. ***Implementation and maintenance of micro-projects:*** Responsibility for the implementation, management, monitoring and for ensuring the sustainability of their investments rests with beneficiary communes and communities. They shall seek the services of private sector service providers to assist them in the implementation of their micro-projects. CAP-2 would support the establishment and/or training of management committees and encourage the implementation of appropriate mechanisms to ensure the sustainability of the micro-projects.

34. ***Monitoring and quality control.*** The regional coordination units (CCR) will ensure that the implementation of the project at the local level is carried out in strict compliance with the provisions of the project implementation manual. In addition, a memorandum of understanding will be signed with each devolved technical service for specific activities including monitoring and quality control depending on their level of responsibility. Technical services will also support the preparation of reports twice a year which they will submit to the regional authorities, ministries and the relevant regional coordination unit. This would improve coordination and information flow between the various stakeholders at all levels.

35. The process of drafting and approval of micro-projects, disbursement and financial management procedures for the LIF will be detailed in the project implementation manual.

Component 3: Project Coordination, Management; Monitoring and Evaluation (US\$4.87 million)²

36. The objective of the component is to support the successful implementation of CAP-2. For the purpose, a coordination unit (the National Coordination Unit-CCN), established in the implementation of CAP-1 will provide technical support and assistance to ensure that the key project implementers including national institutions in charge of local government, local and community development and environmental monitoring, communes and communities execute project activities efficiently.

² The cost includes the PPF amount (USD 0.6 million)

37. Specifically, the National Coordination Unit will have the following responsibilities: (i) facilitating day-to-day coordination of project implementation; (ii) planning the project activities and preparation of the annual work program, jointly with the concerned national institutions; (iii) M&E of all activities and the implementation progress of CAP-2 with the concerned national institutions; (iv) financial management of IDA resources; (v) all procurement related to these funds; (vi) all financial agreements to be signed by the CCN with the beneficiary communes; and (vii) ensuring the implementation of proper environmental, social and land-use management frameworks.

38. The CCN would be led by a National Coordinator, and supported by a small team of staff comprising a financial manager, a procurement specialist, an M&E specialist, an environmental specialist and a local governance/decentralization expert. It would be strengthened with a comptroller to review and monitor fiduciary activities at the national level.

39. At the regional level, 8 regional coordination units comprising a coordinator, a planning, monitoring and evaluation specialist and an accounting assistant will provide support to the national coordination unit and facilitate project implementation at the local level. They will be strengthened with four controllers (1 for two regions) to review and monitor fiduciary activities undertaken at regional, departmental and communal levels.

40. ***Project's monitoring and evaluation system.*** Given that an effective and functional monitoring and evaluation system has been set up during the implementation CAP-1, activities during the first phase will focus on strengthening and deploying the existing system to national institutions involved in the implementation of CAP-2 and ensuring that it is properly linked to the national monitoring and evaluation system for the Rural Development Strategy or other relevant high level national strategies. The M&E activities will occur at the national, regional, departmental and local (communal and community) levels. At the national level, the national M&E specialist will have the responsibilities of (i) managing the M&E system and database, (ii) organizing relevant M&E studies, (iii) capacity building of all stakeholders involved in M&E at all levels including the concerned national institutions, (iv) organizing external M&E activities, and (v) ensuring continuous dissemination of lessons learned and best practices among beneficiaries to enhance participatory monitoring and evaluation of project implementation progress and results. He will rely on regional planning and monitoring and evaluation specialists.

41. Regarding the monitoring and evaluation of SLM/NRM activities, the project will provide technical support to the *Centre National de Surveillance Ecologique et Environnementale* of ME/LCD to implement the monitoring and evaluation system and include indicators related to the Strategic Investment Program on SLM, covering activities financed by UNDP (PLECO), the World Bank (CAP-1) and IFAD (the Maradi Rural Development Programme). For the purpose, a monitoring and evaluation cell comprising a coordinator and an assistant, established within the ministry of Environment and the Fight against Desertification (ME/LCD) will be responsible for environmental surveillance through harmonized methods for the three programs and to provide operational support for monitoring SLM activities implemented under CAP-2.

Box F: The Biocarbon transaction initiative

CAP-1 helped setup the Biocarbon transaction initiative under its SLM activities. The objective was to reforest a total of 21,000 ha of *Acacia Senegalensis*, a species endemic to the whole African Sahel, in 41 plantation sites spread throughout the country. This innovative initiative opened the doors for Niger to benefit from the emerging carbon markets. The World Bank BioCarbon Fund will pay participating communities the CO₂ sequestered from the atmosphere (emission reductions). This activity directly responds to Niger's national strategy on the fight against desertification (NAP/UNCCD) and promoting the Arabic gum for external markets.³ This strategy aims at dealing with the disappearance of Niger natural dry forests provoked by clearing way beyond regeneration capacity to meet the growing demand of firewood. Deforestation has particularly affected gum-producing *Acacia Senegalensis* plants, which has resulted in a drastic decrease of the country gum production while the international market is improving.

This initiative is a private – public partnership between CAP-1 and the private company *Achats Services International* (ASI). The BioCarbon Fund has signed an Emission Reduction Purchase Agreement (ERPA) with ASI, whereby ASI is selling the emission reductions generated by the project plantations to the Fund. ASI, in turn, has signed sub-contracts with each participating community, whereby the communities give ASI the right to trade the emission reductions generated by the plantation on their land in return for a payment for these emission reductions. ASI is also committed to buying the Arabic gum produced by the project, which they will export to international markets.

The overall technical assistance will be supplied by the International Crop Research Institute for Semi-Arid Tropics (ICRISAT). This organization has been working with CAP-1 to develop and adapt technologies best suited for the harsh conditions of the Sahel. ICRISAT has also made sure that the highest-quality seeds are used by the communities, which should lead to an increase in future yields of Arabic gum. It is expected that communities would adopt some grafting techniques aimed at increasing the productivity of the acacia by managing land in a sustainable way.

The initiative's overall objective is to enhance local communities' livelihoods by improving land management and productivity. Participating communities will be paid for the emission reductions generated on their lands. They will also benefit from the sale of high-quality Arabic gum produced by the acacias. The project is also promoting agroforestry, with the reintroduction of agricultural activities through intercropping with groundnuts and cowpeas. Finally, communities have also gained from constant capacity development activities in the context of this initiative.

The initiative also has important environmental benefits. Acacia reforestation promotes the rehabilitation of degraded areas that have become unfit for agriculture. Acacia's rooting system is very powerful (subterranean biomass is twice the aerial part), which makes it efficient for dune-fixing as well as wind and water erosion control. Its nitrogen-fixing ability improves soil fertility and therefore restoring agricultural productivity. The restoration of a tree cover will also benefit local biodiversity and restore land fertility.

³ Stratégie de Relance de la Gomme Arabique, 2003.

Déclaration de la Politique Générale de S.E. le Premier Ministre, May, 2005.

Annex 5: Project Costs

NIGER: COMMUNITY ACTION PROGRAM (CDD Niger - CAP-2)

Project Cost By Component and/or Activity	Local US \$million	Foreign US \$million	Total US \$million
A. Capacity Building			
• Communes and Communities Capacity Building	1.65	1.17	2.82
• Institutional and legal framework for community development	4.17	0.60	4.77
Subtotal Capacity Building	5.82	1.77	7.59
B. Local Development Funds			
• Socio-Economic Investments	8.04	-	8.04
• Income Generating Activities	11.28	-	11.28
• Natural Resources Management and M&E	12.48	-	12.48
Subtotal Local Development Funds	31.80	-	31.80
C. Project Coordination and M&E			
• Monitoring and Evaluation	0.00	0.20	0.20
• Project Management	3.95	0.72	4.67
Subproject Project Coordination and M&E	3.95	0.92	4.87
D. PPF			
1. Project Preparation Facility	0.63	-	0.63
Total Baseline Cost	42.20	2.69	44.89
Physical Contingencies	0.01	-	0.01
Price Contingencies	0.06	0.01	0.07
Total Project Costs¹	42.27	2.70	44.97
Interest during construction			
Front-end Fee			
Total Financing Required			

Foreign/Taxes by Financiers

	Local (US\$ million)	Foreign (US\$ million)	Total (US\$ million)
Government	6.60		6.60
Beneficiaries	3.70		3.70
IDA	27.83	2.17	30.00
GEF	4.14	0.53	4.67
Total	42.27	2.70	44.97

Annex 6: Implementation Arrangements

NIGER: COMMUNITY ACTION PROGRAM (CDD Niger - CAP-2)

1. Implementation arrangements for the Second Community Action Program were designed using lessons learned from the first phase and taking into consideration the current institutional framework of the Rural Development Strategy, which is fully supported by this project. These arrangements are based on the following principles: (i) consolidating and scaling up CAP-1' achievement; (ii) flexibility in order to adapt to the Government's projected programmatic approach in the implementation of the RDS; (iii) empowering national and local institutions to carry out their institutional mandates; and (iv) providing a coherent framework for ensuring efficient implementation of project activities and accountability of the various institutions involved in the project implementation. The Ministry for Agriculture Development (MDA) will have the institutional responsibility including the supervision of the project's implementation. The implementation arrangements are:

Project Orientation and Oversight

2. *Project orientation and oversight at the national level.* At the national level, the Project's Steering Committee established during the first phase will be maintained and will have overall responsibility of project orientation and oversight. The Steering Committee, which is chaired by the Minister of Agriculture Development and comprises key stakeholders involved with the RDS, will have the following mandates: (i) carrying out annual reviews of proposals, work plans and budgets prepared by the project's coordination unit at the national level, ensuring their consistency with the project's objectives; (ii) reviewing progress made towards achieving the project's objectives; (iii) facilitating the coordination of project activities among the various entities represented in the Steering Committee, making recommendations for removal of any obstacles to the implementation of the Project; and (iv) providing comments on reports and reviews prepared by the CCN for the benefit of the Bank.

3. Given that this project is one of the key supporting tools of the Rural Development Strategy, and in view of the Government's desire to move to a programmatic approach in the implementation of the strategy, it is expected that overtime, the Comité Technique de la SDR will serve as a single oversight committee for all donor-financed interventions supporting the RDS. However, the above-mentioned Comité does not currently include some of the key stakeholders on decentralization and community development including representatives of the communes, ministries of education, health, water resources, etc. It is expected that the Government will take the appropriate actions to ensure that this committee is expanded to include all the key stakeholders therefore to become a truly multi-sectoral entity. CAP-2 will provide technical support to MDA in order to achieve such objective. Once this objective is achieved, the mandates of the Project's Steering Committee will be transferred to the Comité Technique de la SDR.

4. ***Project orientation and oversight at the regional level.*** The oversight and orientation of CAP-2 will be entrusted to the Regional Technical Committee for Rural Development (CTR), which has been proposed by the Government to serve as the regional entity for coordinating the implementation of the RDS. Given that the CTR has not yet become operational, and in line with the programmatic approach adopted by the Government, this project, in collaboration with other donor-financed projects, will assist the Government and provide resources needed to operationalize these entities in all 8 regions and ensure that they are efficiently managing their responsibilities. The mandates of the CTR will include: (i) harmonizing donor interventions; (ii) ensuring the development of operational synergies between the different activities; and (iii) coordinating the implementation of partnership arrangements to be entered into by the different projects working in the region.

Project management and coordination

5. ***Project management and coordination at the national level.*** The Central Coordination Unit, which was established by the MDA, and has successfully coordinated the implementation of CAP-1, will continue to carry out project coordination responsibilities. Taking into consideration the Government's programmatic approach in the implementation of the rural development Strategy and lessons learned from CAP-1, the role of the CCN has been adjusted taking into consideration the implementation roles conferred upon national institutions involved in rural development, decentralization, community development and land and natural resources management. Therefore, the redesigned CCN will serve mainly as fiduciary agent, a facilitator for project implementation, monitoring and evaluation. Specifically, the CCN will have the following responsibilities: (i) consolidating annual work programs and budgets; (ii) facilitating the implementation of project activities for which national institutions are responsible (including MDA, MIS/D, HCME and ME/LCD); (iii) ensuring that project implementation is carried out in conformity with financial, procurement and disbursement procedures agreed between the Government and the World Bank; (iv) consolidating project implementation monitoring and evaluation information from the Regional Coordination Units (CCRs) and the various national institutions acting as project implementation agencies; and (v) preparing and transmitting technical, financial, environmental and M&E reports to the Steering Committee, the Government and other key stakeholders of the RDS.

6. The CCN will be staffed with a limited number of technical expertises. In addition to a national coordinator, the CCN will have: (i) an administrative and financial management specialist; (ii) an internal controller and three accounting assistants; (iii) a procurement specialist; (iv) a communication specialist; (v) a decentralization/governance expert; and (vi) a monitoring and evaluation specialist and 2 assistants. Given that most of the staff currently in place was subject to regular satisfactory performance evaluation, their contract will be extended before effectiveness. Four internal controllers and a procurement specialist also will be recruited based on terms of reference, qualifications and experience satisfactory to the Association before effectiveness. The CCN will be composed of the National Coordinator, the CFO, the Internal Controller, three Assistant Accountants, the Procurement Specialist and the support staff

7. ***Project management and coordination at the regional level.*** At the regional level, the Regional Coordination Units (CCR) will serve as relays for the national coordination unit and

facilitate the implementation of project activities at the regional and local levels. They will be entrusted with the following specific responsibilities: (i) providing technical support to communes and communities, to the regional technical committee; (ii) collecting, consolidating and transmitting project implementation activities at the regional and local levels to the CCN; and (iii) ensuring that the project's fiduciary management at the regional level is carried out in conformity with agreed procedures between the Government and the Bank. The staffing of the Regional Coordination Units will be reduced and will include (i) a regional project coordinator (ii) an M&E and planning specialist; both already in place and (iii) an accounting assistant, to be recruited. The team will be supplemented with a pool of internal auditors (one for two CCR) to beef up the fiduciary management of the project, will be recruited based on terms of reference, qualifications and experience satisfactory to the Association.

8. ***Implementation arrangements for the monitoring and evaluation system.*** The project's monitoring and evaluation system (detailed in annex 3) will be established based on the success of CAP-1. At the national level, the national M&E team will lead all aspects of monitoring and evaluation, provide operational tools and instruments for data collection tools at the regional and local levels, collect and validate upstream reports and monitoring information from the regional M&E coordinators and from each of the national institutions involved in project activities (MDA, MISP/D, MAT/DC, HCME and ME/LCD), incorporate this information into the project's knowledge management system (which will include a geographically referenced database of the quantitative data collected), analyze the information and produce quarterly and annual progress and monitoring reports. National institutions acting as the project's implementation agencies on their respective institutional mandate will provide regular data on their own activities. At project effectiveness, the monitoring and evaluation team at the national level will strengthen and deploy the existing system (from CAP-1) to national institutions involved in the implementation of CAP-2 and ensure that it is properly linked to the national monitoring and evaluation system for the Rural Development Strategy or other relevant high level national strategies.

Role of key national institutions in project implementation

9. Key national institutions will play important roles in project implementation at the national, regional, and local levels. Most of project activities under Subcomponent A2 related to the institutional and legal framework for decentralization community development will be shared between MISP/D, MAT/DC and HCME. Project activities related to setting up and operationalizing an effective monitoring and evaluation system for integrated management of the various programmes of the RDS and the institutional framework of the RDS at the regional level will be entrusted to MDA while ME/LCD will be entrusted with activities related to monitoring national environmental, climate change and sustainable land and natural resources management and Bio-CF programs.

Project implementation at the local level

10. Communes have been identified as the entry point for all development activities at the local level. In that respect, the implementation of the Second Community Action Program will be entrusted to the communes and their grassroots communities. Beneficiary communes and communities will be fully responsible for carrying out all project activities geared towards

local development including the participatory diagnosis, local development planning, selection, design, and implementation and monitoring and evaluation of their Communal Development and Annual Investment Plans, part of which will be financed by the Local Investment Fund and their own contributions. The municipal council will have overall responsibility of project implementation within its local government including ensuring large participation, fairness and transparency in the process, and also ensuring sound management of project resources transferred through their accounts.

11. Qualified local consulting firms and NGOs will be recruited to assist communes and communities in the participatory process while devolved technical staff at the regional, departmental or communal levels, as appropriate, will provide inputs and ensure that local planning and the micro-projects proposed by the beneficiaries are in conformity with national directives and sectoral policies. Finally, local civil society organizations within the local government will take part in the participatory process.

Annex 7: Financial Management and Disbursement Arrangements

NIGER: COMMUNITY ACTION PROGRAM (CDD Niger - CAP-2)

Summary of the Financial Management Assessments

1. The financial management assessments were carried out in accordance with the Financial Management Practices Manual issued by the Financial Management Board on 3 November 2005. The objective of the assessments was to determine whether the *Cellule de Coordination Nationale (CCN)*, the *Cellules de Coordination Régionale (CCRs)* and the Communes⁴, which are the implementing agencies of *CAP-1*, have acceptable financial management arrangements, which will ensure: (1) the funds are used only for the intended purposes in an efficient and economical way, (2) the preparation of accurate, reliable and timely periodic financial reports, and (3) safeguard the implementing entities' assets. As the result of these assessments, the *CCN* will be the Budget Management and Accounting Center (BMAC) of *CAP-2*, and *CCRs* and Communes will receive funds and hold related accounting (Accounting centers).
2. The *CCN* and *CCRs* are still managing *CAP-1* which will be closed on June 30, 2008, with the support of experienced FM team (The Coordinator, the Regional coordinator, the Chief Finance Officer (CFO), the Chief Accountant and the Accountants at both central level and regional level). This FM team is familiar with the Bank's financial management procedures. The conclusion of the assessments is that the financial management arrangements in place at the *CCN*, as the main BMAC (Budget Management and Accounting Center), and at *CCRs* meet the Bank's minimum requirements under OP/BP10.02 and are therefore adequate to provide, with reasonable assurance, accurate and timely information on the status of *CAP-2* required by IDA. However, the *CCN* will take some measures to strengthen its financial management capacity (see Table on FM actions plan). Considering the existing FM arrangements, the **overall residual control risk is considered moderate**.
3. The recommended administrative, financial, and accounting arrangements are put in place in the *CCN*, *CCRs* and Communes for *CAP-2* will be documented in the *CAP-2* FM manual.

Country Issues

4. A Public Expenditure Management and Financial Accountability Review (PEMFAR), including a CFAA was carried out for Niger in November 2003. Its report has been finalized in June 2004 and been published by the Bank in December 2004 under the number 29752-NE. The report identifies a number of areas where additional steps need to be taken to strengthen existing institutions and/or accelerate the reform process. These include (i) budget preparation and execution; (ii) computerized financial information systems; (iii) cash management; (iv) domestic debt management; and (v) internal and external controls.

⁴ The sample is a mixed set of rural and urban communes: the municipality of *Dosso*, the *Communauté Urbaine de Maradi (CUM)* with its three municipalities (1, 2 and 3), and (iv) the *Communauté Urbaine de Niamey (CUN)* with its five municipalities (1, 2, 3, 4 and 5)

5. Improving Niger's Public Finance Management requires a long-term reform program, which should be implemented in phases and requires the full support of the Government and the donor community. The PEMFAR includes a table presenting a list of essential reforms as key recommendations that should be implemented over the next three years and beyond to improve the structure of public expenditures and strengthen fiduciary capacity. As of today, the Government is making great strides in improving financial management through a series of RSRCs.

6. The Niger CPPR held in on March 7-8, 2007 concluded on shortcomings in (i) implementing internal control procedures in most of the projects, (ii) delays in Government's financing through counterpart funds, and (iii) the existence of ineligible expenditures.

7. As of today, the fiduciary compliance of the World Bank portfolio in Niger indicates no overdue audit report.

8. At present, the overall country risk rating in Niger is substantial. The situation described above may have some effects on CAP-2's implementation because of the fiduciary concerns mentioned above by the PEMFAR report and the CPPR conclusion.

Risk Assessment and Mitigation

Risk	Risk rating	Remarks	Conditions Y/N	Risk Mitigating Measures Incorporated into Project Design	Residual Risk
Inherent risk	S				S
Country level: Quality of PFM, standard of financial accounting, reporting and auditing; and quality of accounting profession.	S	The Government recognizes existence of problems in the PFM arrangements. There are significant concerns, about cash constraints, the accuracy of financial information, internal and external audits. For example, public accounts are delayed by four years, and therefore could not be audited in a timely way by Court of Accounts. It is also noted a weak capacity of Public Sector internal and external Control Institutions.	N	In September/October 2006, the Government strengthened the internal controls of the expenditure circuit by removing all the Financial Controllers and replaced them by new senior staff. In July 2007, Financial Control Manual was developed. Guidelines and audit techniques for Court of Accounts are now documented. Actions are foreseen to produce reliable accounts on time. But the issue about the accuracy of financial information remains. However, the implementation of the PFM reform program (PEMFAR) is underway through execution of RSRCs series.	S
Entity level: Independence of entity's management and appropriateness of organizational structure.	M	The <i>MDA</i> legal and institutional framework is moderately satisfactory and it has previous experience in overseeing Bank financed projects. But, it needs a robust internal control framework and the required number of qualified staff.	N	The <i>MDA</i> previous experience with regard Bank's operations is a strength. At present time, CAP-1 is under its oversight. The Bank is launching the preparation a Technical Assistance Project of which one component will deal with training and encouraging professional qualification of civil servants. Also, the implementation of the PFM reform program (PEMFAR) will contribute a lot to address related issues.	M
Project level Funds flow and accountability issues due to dispersed implementing units with no experience in implementing Bank-assisted projects.	M	The Communes will not be using circuits of the Public Treasury because of slowness of payment process and cash constraints. But, under CAP-1, circuits of commercial banks are used and no major issues are noted	N	CAP-2 is being prepared by taking into account the success story of CAP-1 of FM arrangements are in place. FM capacity of communes is acceptable. The communes will be using circuits of commercial banks. Issues about the Public Treasury are addressed within process of implementation of the PFM reform program (PEMFAR).	M
Control Risk:	M				M
Budgeting: <ul style="list-style-type: none"> • lack of clear definition of budget preparation process • absence of authorization and monitoring of budget variations in 	M	The <i>CCN</i> previous experience in budgeting preparation process and in monitoring of variations of the CAP-1 is not relevant. It will	Y	Except for shortcomings on the budget accounting and monitoring and outdated chart of accounts for communes, relevant charts of accounts for CAP-2 activities and	M

the view to make decisions		need collaboration of the decentralized entities. The existing budgetary accounting of CAP-1 in place at the levels of the <i>CCN and CCRs</i> is weak. The CAP-1 will be closed with overruns regarding IDA grant, which will be offset by the Government contributions. The cause is that related documented procedures have not been implemented by the project FM staff.		expenditure categories will be updated and documented in the existing FM procedures manual, and used to customize the existing accounting software accordingly. FM staff will be trained on budget accounting and monitoring and the 4 newly recruited internal controllers will be trained to be familiar with FM procedures of Bank financed projects. Their recommendations will help strengthen FM capacity in budget preparation and execution, accounting and monitoring.	
Accounting <ul style="list-style-type: none"> delays in bookkeeping lack of compliance with acceptable accounting standards lack of adequate policies and procedures, including chart of accounts accounting function not staffed with adequately experienced and qualified staff software not customized on the basis of the project's accounting needs 	M	The harmonized and simplified public accounting and internal control systems in place at the Communes level is acceptable. But, the chart of accounts for Communes is not updated. CAP-1 has documented procedures and software the area of accounting. The auditors' opinion on its FY 06 annual financial management was unqualified.	Y	The Government will validate, approve and make official the chart of accounts for Communes. CAP-2 documented procedures and software in the area of accounting are being developed on the basis of related existing arrangements of CAP-1	M
Internal Controls <ul style="list-style-type: none"> lack of quality and document of policies and procedures, including segregation of duties and for procurement delays in preparation of bank reconciliations non maintenance records for fixed assets and stocks Absence of internal audit function. 	M	FM staff at CCN and CCRs is familiar with procedures of Bank-funded projects. The segregation of duties is appropriate for the CAP-1 but there is no accountant assigned to budget monitoring. Internal audit function does not exist but that does not jeopardize CAP-1's FM capacity. The existing FM manual of CAP-1 is comprehensive.	N	FM staff will be trained on budget policies and procedures and the 4 newly recruited internal controllers will be trained to be familiar with FM procedures of Bank financed projects. Their recommendations will help strengthen FM capacity in budget policies and procedures. The existing FM manual is being exploited to develop the one for CAP-2	M
Funds Flow <ul style="list-style-type: none"> cash flows constraints due to delayed fund flows affecting project implementation; complicated fund flow arrangements and not functioning well 	M	There is slowness of payment process and cash constraints at the different agencies of the Public Treasury. This situation could have major negative effects on cash balances of CCRs and communes. But, under CAP-1, circuits of commercial	N	Two Segregated Designated Accounts will be opened in commercial banks and will be managed by to receive the CCN. Transfers of funds will be done by the <i>CCN</i> into <i>CCRs</i> and communes bank accounts through commercial banks circuits. Disbursement procedures will be documented in the existing FM manual	M

		banks are used and no major issues are noted. Counterpart funds were provided by the Government partially and on the irregular basis to CAP-1		updated to cover CAP-2 needs. In compliance with the Financing Parameters of Niger, CAP-2 categories of expenditures will be financed at 100 % with taxes included.	
Financial Reporting <ul style="list-style-type: none"> • lack of quality and document of FM reporting responsibilities, form, content and periodicity of IFRs and annual financial reports • delays in preparation and production of IFRs and annual financial reports 	M	The CCN of CAP-1 is familiar with the Interim Un-Audited Financial Reports (IFRs). However, information on current and cumulated provisions needs to be more accurate. It has produced reliable and timely audited annual financial statements.	N	More training on IFRs will be provided to FM staff and the 4 newly internal controllers. FM responsibilities regarding IFRs will be reviewed, as CAP-2 will adopt IFRs-based disbursement.	M
Auditing <ul style="list-style-type: none"> • inadequate institutional arrangements in place, for the appointment of external auditors • limited capacity of national external auditors 	M	No delays of transmission to the Bank have been noted about CAP audited annual FM statements. Court of Accounts has a weak audit capacity, but adequate institutional arrangements are in place for the appointment of external auditors.	Y	The audit TORs will be developed to take into account CAP-2's needs. The CCN of PAC1 has previous experience in audit preparation for Bank financed projects. A private audit firm will be then appointed. Court of Accounts is being strengthened through RSRCs series, and according to its mandate, has the right to audit CAP-2 at any time.	M
Overall Risk Rating	M	Moderate risk mitigating measures are already incorporated into the CAP 2 design.		The functioning of all these FM arrangements will be followed –up during upcoming supervisions.	M

Strengths

9. The *CCN and CCRs*, as implementing agencies, are composed of key FM staff that has previous experience in Bank FM and disbursement procedures. FM procedures manual and software are available and will be updated in the implementation of CAP-2.

10. The harmonized and simplified public accounting and internal control system in Communes are acceptable.

Weaknesses and Action Plan

Significant Weaknesses	Action	Responsible body	Completion
Lack of budget accounting and monitoring of CAP-1.	Training to be provided to FM staff and recruitment of 4 internal controllers to be trained then on the updated FM manual.	CCN	Before Board's approval for training of FM staff. 2. By effectiveness for recruitment of internal controllers.
Slowness of payment process and cash constraints at the urban and local agencies of the Public Treasury. Weak capacity of Public Sector internal and external Control Institutions	Niger PFM reforms Program resulted from PEMFAR is being implemented through RSRCs series	Government (Ministry of Economy and Finance)	End of RSRC3 (DPL3): June 2009.

Financial Management Actions plan

Actions	Deadline	Intermediate Milestones	Responsibility
Agreement on Audit TORs	By Negotiations	Agreements during Negotiations	CCN
Recruitment of 4 internal controllers to be trained then on CAP-2 FM manual.	Before effectiveness	Both processes started before Board's approval	CCN
Development of FM manual and accounting software of CAP-2; and Training to be provided to FM staff of CAP-1 on budget accounting and monitoring.	Before .negotiation	First draft and arrangements shared with IDA during Negotiations	CCN
Revised Official chart of accounts for communes	During implementation.	Process of validation and approval started before Board's approval	Government and CCN
Appointment of External Auditor	By 3 months after effectiveness	Selection process started on the date of Board's approval	CCN

Financial Management Institutional Arrangements

11. Using its delegation of authority, the *Direction Générale des Financements* (DGF) will be authorized to withdraw payments and reimbursement amounts from the loan account of CAP-2 located in Washington in the name and on behalf of the Minister of Economy and Finance. CAP-2 flow of funds and information do not get mix up with those of the public expenditure funds but the annual allocation of the project' successive annual budget activity plans should be mentioned in the Niger Annual Budget (*Loi des Finances*). The National Coordination Unit of CAP-2 (*CCN*) will be in charge of the overall responsibility for the financial management of the project. Financial management activities will be handled by the *CCN*, *CCRs* and *Communes*. The National Coordinator, Regional Coordinators and *Mayors* are the authorizers (“*ordonnateurs*”) respectively at central, regional and commune levels of expenditures of the CAP-2. They will approve all related commitment documents and warrants, and authorize cash transactions in the CAP-2's bank accounts. The *CCN* will manage the two designated accounts located in Niamey by monitoring the disbursement of the funds as well as the withdrawals and direct payments applications. It will collect and control invoices, keep the books of accounts, prepare and produce quarterly Interim Un-Audited Financial Reports (IFR) and make the necessary arrangements for the annual audit of all accounts. The *CCN* will be required to make operational the fully integrated financial management and accounting system, using updated software as well as a updated FM manual and charts of accounts including the format, content and periodicity of the various financial statements to be produced. *CCRs* and *Communes* will manage funds transferred from the designated accounts into their respective bank accounts. *CCRs* will handle related accounting and reporting for CAP-2 operating funds at the regional level, and *Communes* will keep books for investment funds to be shared between them and communities.

Staffing and Training

12. The project fiduciary staff of CAP-2 placed in the *CCN* will be composed of the National Coordinator, the CFO, the three Assistant Accountants, the Procurement Specialist and the support staff. This team will work under the supervision of the National Coordinator. The *CCN* will also host the Senior Internal Controller who will supervise the three other Internal Controllers and will be in charge of reviewing FM procedures and activities of the *CCN* and Niamey region. Each of the three Internal Controllers will be assigned to one of the group of regions as follows: Dosso-Tillabéri, Diffa-Zinder-Maradi, and Tahoua-Agadez. The fiduciary staff of each *CCR* will be composed of the Regional Coordinator and the accountant. Three *CCRs* will be the duty stations of Internal Controllers. At the level of *Communes*, the *mayor*, as the main authorizer (“*ordonnateur*”) of expenditures, the *Secrétaire Municipal* (Municipal Budget/Allocations Accountant) and the *Receveur Municipal* (Municipal Cash Accountant) are the key FM staff. There is also a designated staff member assigned to management of non financial assets in each commune.

13. A training program will be drawn up to continue to strengthen fiduciary management capacities in budget accounting and monitoring. Training is mainly conducted through the World Bank's local or sub-regional training institutions (CESAG and ISADE in Dakar). The

CCN will also require the consultants appointed for updating the FM manual and accounting software, and to assist the whole fiduciary and control staff of the CAP-2. They will be also assigned to strengthen CAP-1 FM staff capacity in the areas of budget accounting and monitoring and reporting.

Budgeting

14. Budget preparation process and its monitoring at central, regional and commune levels will be clearly defined and documented in the FM manual. The subsequent Annual Work Program and Budget (AWPB) will be developed by the CCN, in close collaboration with CCRs and Communes; they will be submitted to the World Bank appreciation for comments and no objection by December 1st of each calendar year. These annual work programs and budget will also determine which expenditures should be financed by IDA and which ones should be financed by GEF.

Accounting Policies and Procedures

15. Accounting standards to be applied by the CCN, CCRs and Communes will be very similar to the International Public Sector Accounting Standards (IPSAS) issued by the Public Sector Committee of the International Federation of Accountants (IFAC-PSC). Any significant difference will be adequately disclosed and explained in the notes of the financial statements. The CCN will prepare the project's financial statements for auditing. To this end, it will consolidate accounts from CCRs and Communes. Project accounting policies and procedures as required by CAP-2 will be documented in the FM manual.

16. Accounting Software: A computerized financial management system will be developed and put in place at the CCN. The CFO will use satisfactory and sound accounting package capable of producing all the accounting and financial data required, including financial statements, Bank reconciliation statements, and all financial reports, such as the Interim Un-Audited Financial Reports (IFRs). The updated accounting software should integrate the components of activities and categories of expenditures of the CAP-2. The format of IFRs will remain the same as the existing financial statements of FMRs of CAP-1. The accounting software should be multi project, multi-site and multi-currency and will include the following modules which should be integrated: budgeting, general accounting, cost accounting, reporting, monitoring and evaluation, fixed assets management, preparation of withdrawal applications and tracking of disbursements by donors. The books of accounts will also be maintained electronically in this software.

17. During project implementation a consultant will be appointed to update the charts of account which will be approved by the Government for the use of Communes at the national level. The consultant will also provide related assistance to the whole fiduciary staff in budget accounting and monitoring..

Internal auditing

18. The Inspector General of Services of the Ministry of Agriculture Development (*MDA*) and the Inspection General of Finance would maintain the right to carry out any control at the levels of the *CCN*, *CCRs* and Communes. They would carry out reviews of transactions on time to time, based on their mandate for Public Sector Control Institutions. Their duties and accountabilities will be documented and filed at the *CCN* level. In addition to them, the *CCN* will recruit 4 Internal Controllers to be deployed over the territory. Their TORs will be documented and filed at the *CCN* level. These Internal Controllers will be trained in the Bank's disbursement and FM procedures.

Internal control

19. The FM procedures manual of CAP-2 will be developed in conjunction with an appropriate customization of existing accounting software, on the basis the existing one of CAP-1. This action aims to covering the CAP-2's needs, documenting the detailed FM procedures, and ensuring a robust internal control arrangement, including procurement duties and activities assigned to the *CCN*, *CCRs* and Communes.

Funds Flow and Disbursement Arrangements

Disbursement Arrangements

20. The *CCN* will be responsible for the implementation of the AWPB in conformity with IDA and GEF Financing Agreements. The *CCN* will claim disbursements by sending the withdrawals and direct payment applications to the Bank through the payment authorization of the Ministry of Economy and Finance of Niger. Two designated accounts will be opened in commercial banks in Niamey and will be managed by the *CCN*. Funds from these bank accounts will be used to finance eligible expenditures at the central, regional and Commune levels. Transfers of funds will be done from the designated accounts into *CCRs* and Communes bank accounts respectively located at regional level and Commune level. The amounts of transfers will be calculated on the basis of **periodic cash needs** for *CCRs* (operating costs) and Communes/Communities (investment costs). Detailed procedures of these transfers of funds will be documented in the FM manual.

Disbursement Methods

21. Disbursements will be report-based and will include the Designated Account funds, Direct Payment and Special Commitment methods. It is expected that the *CCN* under CAP-2 master quickly the practice of quarterly IFRs-based disbursement as it is already familiar with IFRs requested for implementation of CAP-1. The procedures will be detailed in the FM manual.

Indications and instructions on Applications

22. The indications and instructions of withdrawal applications submitted under the IDA and FEM financings for Direct Payments and Special Commitments will be documented in the Letter of Disbursement of the CAP-2.

Reporting on Use of Loan Proceeds

23. Disbursements for all expenditures should be made against full documentation filed at the CCN, CCRs and communes levels. The documentation will be kept readily accessible for systematic internal ex-post reviews on request. The supporting documentation will also be subject to periodic review by the Bank teams during supervision missions as well as by the external auditors. Values of these contracts will be documented in the Letter of Disbursement of the CAP-2.

24. The CCN, CCRs and communes will submit a bank reconciliation statement of their respective bank accounts. The CCN will submit the consolidated one together with the withdrawal applications on a quarterly basis.

Designated Accounts

25. The two designated accounts will be managed by the CCN. They will be located in commercial banks. The currency of designated accounts will be the CFAF (XOF). The amount of funds requested by CAP-2 on a quarterly basis should cover the project liquidity needs for the quarter of expenditures.

Allocation of the Proceeds of IDA financing

Categories	Amount in US\$ million	Percentage of Expenditures to be financed
1. Works	0.09	100% including taxes
2. Goods	0.94	100% including taxes
3. Consultants Services and Studies	3.23	100% including taxes
4 Trainings	3.90	
5. Grants for Subprojects	17.50	
6. Operating Costs	2.21	
7. PPF Refunding	0.63	
8. Unallocated	1.50	
TOTAL AMOUNT	30.00	

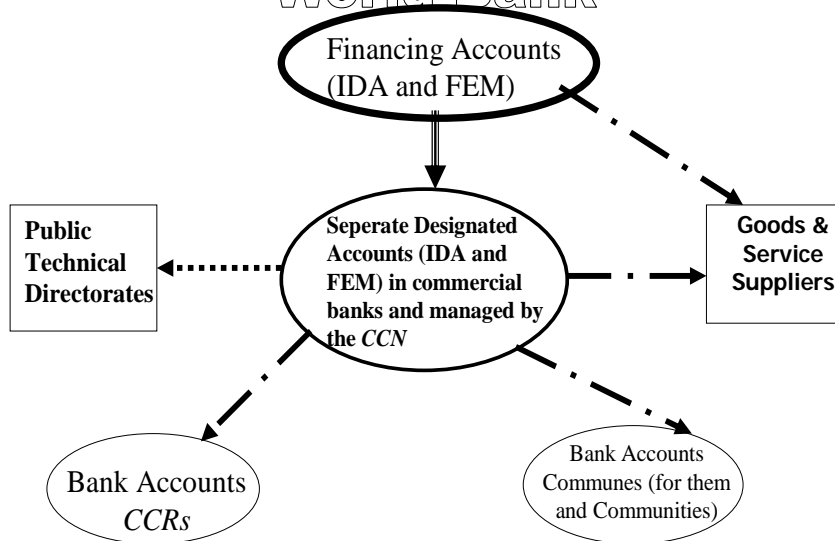
Allocation of the Proceeds of GEF financing

Categories	Amount in US\$ million	Percentage of Expenditures to be financed
1. Works	0.00	100% including taxes
2. Goods	0.05	100% including taxes
3. Consultants Services and Studies	0.16	100% including taxes
4 Trainings	1.22	
5. Grants for Subprojects	3.00	
6. Operating Costs	0.24	
7. PPF Refunding		
8. Unallocated		
TOTAL AMOUNT	4.67	

Flow of funds:

DESIGNATED SEGREGATED ACCOUNTS

World Bank



Legend: Report-based fund transferred in the Designated Accounts
 Direct Payments or Transfers in CCRs and Communes Accounts
 Advances for Activities



Financial Reporting and Monitoring

26. The CCN will be responsible for the overall reporting of CAP-2. The CCN will produce interim un-audited financial reports (IFRs) on a quarterly basis, and the annual financial statements requested. The accounting software (multi-sites, multi-projects and multi-currency) already installed at the CCN level will provide these financial reports. IFRs will be used as support of disbursements.

27. The CFO will make sure that, on a quarterly basis, the Interim Un-Audited Financial Reports (IFRs) are produced and transmitted to IDA not later than 45 days after the end of the quarter. The first IFR shall be furnished to the World Bank not later than 45 days after the end of the quarter in which the first disbursement occurs, and shall cover the period from the incurrence of the first expenditure under the project through the end of that quarter.

28. The reporting format and procedures will be documented in the updated FM Manual. IFR will be composed of financial reports such as (i) sources and uses of funds by funding source and nature of expenditures, and (ii) uses of funds by components/activities of the project.

29. Quarterly IFRs and annual financial statements will cover all activities financed through the CAP-2. The annual financial statements will be subject to external audit as described

below. The *CCN* will also be required to produce, not later than June 30 of the following borrower fiscal year, audited annual financial statements.

External audit:

30. External auditors from a Private Firm in accordance with international auditing standards acceptable to IDA will conduct an annual audit of the consolidated financial statements prepared by the *CCN*.

Audit Report	Due Date
External auditors' one opinion on consolidated Financial Statements (annual financial statements, designated account statements and IFRs) prepared by the <i>CCN</i> .	Submitted within six months after the end of each financial year.
Letter to Management prepared by the external auditors and containing findings and recommendations on internal controls in place at the <i>CCN</i> , <i>CCRs</i> and <i>Communes</i> .	Submitted within six months after the end of each financial year.

Financing Conditions and Legal Covenants

Conditions:

31. Effectiveness conditions and dated covenants are as follows:

Effectiveness condition

- The Recipient has recruited 4 Internal Auditors on the basis of terms of reference, and with qualification and experience satisfactory to the Association.

Dated covenant

- No later than 3 months after effectiveness: the Recipient has appointed an external auditor on the basis of terms of reference, and with qualification and experience satisfactory to the Association.

Legal Covenants

32. The following points of the financial covenants must be stated in the Financing Agreement: the Borrower (i) to be compliant with all the rules and procedures required for withdrawals from the Designated Accounts of CAP-2, (ii) to maintain CAP-2 financial management system including records, accounts and preparation of related financial statements in accordance with accounting standards acceptable to the Bank and to be audited, and (iii) to prepare and furnish to the Bank Interim Un-Audited Financial Reports (IFRs).

Supervision Plan

33. Given the **moderate level of the overall FM residual risk**, CAP-2 would require comprehensive financial management supervision one time per year, which should be budgeted

for. However, intensity of supervision could be reassessed upon the evolution of the rating for the overall control risk.

34. Financial management supervision will be carried out by the World Bank's Financial Management Specialist (FMS) who will carry out the following tasks:

- Conduct a financial management supervision before effectiveness/disbursement;
- Review the financial management aspects of the IFR;
- Review the Audit Reports and Management Letters from the external auditors and follow-up on material accountability issues by engaging with the task team leader, Client, and/or Auditors; the quality of the audit (internal and external) also is to be monitored closely to ensure that it covers all relevant aspects and provide enough confidence on the appropriate use of funds by recipients;
- Provide assistance to build or maintain appropriate financial management capacity;
- Reviews of controls; and,
- Reviews of transactions, including a sample of transactions.

Annex 8: Procurement Arrangements

NIGER: COMMUNITY ACTION PROGRAM (CDD Niger - CAP-2)

A. General

1. Procurement for the proposed project would be carried out in accordance with the World Bank's "Guidelines: Procurement Under IBRD Loans and IDA Credits" dated May 2004, revised October 1st, 2006; and "Guidelines: Selection and Employment of Consultants by World Bank Borrowers" dated May 2004, revised October 1st, 2006 and the provisions stipulated in the Financing Agreement. The various items under different expenditure categories are described in general below. For each contract to be financed by the Grant, the different procurement methods or consultant selection methods, the need for pre-qualification, estimated costs, prior review requirements, and time frame are agreed between the Recipient and IDA in the Procurement Plan.

2. **Procurement in the context of the country.** An assessment of the procurement system in Niger was conducted in 2001-2002 and the principal recommendations were reflected in an agreed Country Procurement Assessment Report (CPAR) which was officially published. The final main result of these recommendations was the development of a new Public Procurement Code which was adopted in September 2002 and ratified by the law 2002-22 dated November 8, 2002. Niger followed strictly the UEMOA guidelines by clearly separating the control functions and the regulation process. Thus the Public Procurement Regulatory Authority (*Autorité de Régulation des Marchés Publics – ARMP*) was consequently created under the same legislation while its composition, organization and operation were defined by the decree N°190 PRN/PEF dated July 6, 2004. The texts related to the organization and functioning of the Central Directorate for Public Procurement (*Direction Centrale des Marchés Publics*) are under examination by the National Assembly. An ordinance has been passed to make its application possible in the meantime. The overall procurement context in Niger is considered satisfactory and no major problem has been identified in the IDA financed projects. However, to allow a full application of the provisions of World Bank's procurement and selection and employment guidelines, IDA has provided to the project preparation team the list of the national procurement clauses which are partially or entirely inconsistent with World Bank's guidelines. A procurement plan defining the procurement and selection methods and the requirement of IDA prior review has been elaborated and will be updated at least once per year or as necessary to reflect the real situation for the project implementation, and the improvements of the institutional capacities building.

3. **Procurement of Works:** Works procured under this project would include: rehabilitation of the CCN and the CCR. The procurement will be done using World Bank's Standard Bidding Documents (SBD) for all International Competitive Biddings (ICB) and National SBD agreed with or satisfactory to IDA. The procurement plan indicates the methods and all cases where IDA review and no objection are needed.

4. **Procurement of Goods:** Goods procured under this project would include: vehicles, office equipment, and office furniture. The procurement will be done using IDA's SBD for all

ICB and National SBD agreed with or satisfactory to IDA. The procurement plan indicates the methods and all cases where IDA review and no objection are needed.

5. **Community-based procurement** : The project will finance community-based sub-projects (*total is estimated US\$31.8 million*), such as small and social infrastructures, classrooms, rural, health houses, IEC-related activities and materials, minor repairs or works etc. Communities will be required to contribute on agreed percentage of the total budget in labor, kind or in cash (see project implementation manual for details). Financing will depend on applications received from communities against a negative list of activities. It is not possible to determine the exact mix of goods, small works, and services to be procured under these activities due to their demand-driven nature. Therefore, the types of activities to be financed and their procurement details will depend on the needs identified by the communities. Procurement of items for the implementation of sub-projects would be carried out in accordance with simplified procurement procedures referred to the Project implementation manual. The manual will contain a special chapter describing the procedures and tools in accordance with those found in the Bank's guidelines for Simplified Procurement and Disbursement for Community-Based Investments (March 3, 1998).

6. The CCN and CCRs will be responsible for ensuring compliance with these guidelines, and ex-post reviews of random sub-projects will be conducted periodically by the Bank and independent technical audits.

7. **Selection of Consultants:** Consultants selected under the project include *financial audit and studies*. Short lists of consultants for services estimated to cost less than US\$100,000 equivalent per contract may be composed entirely of national consultants in accordance with the provisions of paragraph 2.7 of the Consultant Guidelines. The procurement plan indicates the selection methods and all cases where IDA review and no objection are needed.

8. **Training, workshops, study tours, and conferences:** The training (including training material and support), workshops, conference attendance and study tours, will be carried out on the basis of approved annual training and similar activities programs. A detailed training program giving categories of training, number of trainees, duration of training, staff months, timing and estimated cost will be submitted to IDA for review and approval prior to initiating the training process. The appropriate methods of selection will be derived from the detailed schedule.

9. **Operational Costs** : Operating costs financed by the Project are incremental expenses, including office supplies, vehicles operation and maintenance, maintenance of equipment, communication costs, rental expenses, utilities expenses, consumables, transport and accommodation, per diem, supervision costs and salaries of locally contracted staff. They will be procured using the procurement procedures specified in the Project Administrative, Financial and Accounting Manual acceptable to IDA.

10. The procurement procedures and SBDs to be used for each procurement method, as well as model contracts for works and goods procured, are presented in the Project Implementation Manual.

B. Assessment of the agency's capacity to implement procurement

11. Procurement activities would be managed by the CCN which will include a procurement specialist and would use consultants as necessary to carry out specific tasks. The procurement specialist will work closely with the staff located in the CCR in charge of procurement activities. The CCN is responsible for the quality and delay control, and the type of documents to be used.

12. An assessment of the capacity of the CCN to implement procurement actions for the project has been carried out by IDA in March 2008. The assessment reviewed the organizational structure for implementing the project and the interaction between the project staff responsible for procurement and the Ministry's relevant central unit for administration and finance.

13. The evaluation did not reveal points of concern given that most of the key personnel in the CCN and CCR have a past experience in PAC-1. A procurement specialist will be recruited and located at the level of the CCN and his role will consist in controlling the quality and the application of the rules, advising all the decision makers on procurement matters, and developing and applying a capacity building program.

14. The key issues and risks concerning procurement for implementation of the project have been identified and include: (i) possible confusion between the national procurement rules and IDA procedures by some executing agencies; (ii) the implication of the private sector representatives in the evaluation stage in addition to their participation in the ARMP sessions, that may lead to unjustified complaints delaying the contract award and signature; (iii) the procurement process control and approval by staff not experienced in the IDA procedures, which may bring a risk of rigidity in the interpretation of the texts; and (iv) slowness in the examination of the procurement decisions by DGCMP and their approval by the proper authority.

15. The corrective measures which have been agreed are: (i) elaboration of a Procedures Manual clarifying the role of each team member involved in the procurement process, and the review and approval system; (ii) organization of training sessions and workshops for the beneficiaries; (iii) non-application of the notified list of clauses of the National Procurement Code which are not partially or entirely consistent with the World Bank's procurement guidelines. This list is attached to this annex.

16. The overall project risk for procurement is *moderate*.

C. Procurement Plan

17. The Recipient, before appraisal, developed a procurement plan for project implementation which provides the basis for the procurement methods. This plan has been agreed between the Recipient and IDA and is available at the CCN office. It will also be available in the project's database and on IDA's external website. The Procurement Plan will be updated in agreement with the Project Team annually or as required to reflect the actual project implementation needs and improvements in institutional capacity.

D. Frequency of Procurement Supervision

18. In addition to the prior review supervision to be carried out from IDA offices, the capacity assessment of the CC/PST has recommended two supervision missions in the field and a yearly post procurement review.

E. Details of the Procurement Arrangements Involving International Competition

1. Goods and Works

(a) List of contract packages to be procured following ICB and direct contracting:

1	2	3	4	5	6	7	8	9
Ref. No.	Contract Description	Estimated Cost (US\$)	Procurement Method	P-Q	Domestic Preference (yes/no)	Review by IDA (Prior Post)	Expected Bid Opening Date	Comments
	Vehicles	632 300	AOI	No	No	Prior	Dec 2008	
	Office Equipment	238 000	AON	No	No	Post	Dec 2008	

(b) ICB contracts for goods, works estimated to cost respectively US\$500,000, US\$1,000,000 and above per contract, and all direct contracting will be subject to prior review by IDA

c) All amendments of contracts raising the initial contract value by more than 15 percent of original amount or above the prior review thresholds will be subject to prior review by the Bank as determined mandatory in paragraphs 2 and 3 of annex 1 of the Bank's Consultant Guidelines

d) Post Review: for each contract for goods and works not submitted to the prior review, the procurement documents will be submitted to IDA post review in accordance with the provisions of paragraph 4 of Annex 1 of the Bank's procurement Guidelines. The post review will be based on a ratio of at least 1 to 5 contracts.

2. Consulting Services

(a) List of consulting assignments with short-list of international firms.

1	2	3	4	5	6	7
Ref. No.	Description of Assignment	Estimated Cost (US\$000)	Selection Method	Review by IDA (Prior / Post)	Expected Proposals Submission Date	Comments
	Financial Audit	146 000	LCS	Yes	Aug 2008	

(b) Consultancy services for firms estimated respectively, the equivalent value of US \$ 200,000 and above per contract, consultant services for individual consultants estimated the equivalent of 50 000 USD and above per contract, and all single source selection of consultants with firms and individuals will be subject to prior review by IDA..

c) All TOR for the selection of consultants shall be subject to IDA's prior review.

d) All amendments of contracts raising the initial contract value by more than 15 percent of original amount or above the prior review thresholds will be subject to prior review by the Bank as determined mandatory in paragraphs 2 and 3 of annex 1 of the Bank's consultant Guidelines.

(e) Short lists composed entirely of national consultants: Short lists of consultants for services estimated to cost less than US \$ 100,000 equivalent per contract may be composed entirely of national consultants in accordance with the provisions of paragraph 2.7 of the Consultant Guidelines.

f) Post Review: for each contract for services not submitted to the prior review, the procurement documents will be submitted to IDA post review in accordance with the provisions of paragraph 4 of Annex 1 of the Bank's Consultant Guidelines. The post review will be based on a ratio of at least 1 to 5 contracts.

3. Provisions of CMP which should not apply:

- (i) The provision on article 03 on Direct Contracting shall not apply.
- (ii) The obligation to provide evidence that the bidder has satisfied all its tax obligations to the Recipient as a condition to make a proposal for the procurement of works, goods and non consulting services (notwithstanding any contrary provisions of article 10 of the Procurement Code) shall only apply to national bidders.
- (iii) The obligation to provide a certificate of eligibility as a condition to make a proposal for the procurement of works, shall only apply to national bidders (notwithstanding any contrary provisions of article 11 of the Procurement Code); the eligibility criteria for international bidders shall be limited to those included in the bidding documents.
- (iv) The division of expenditures in accordance with article 34 of the Procurement Code shall be subject to Prior Review by the Association.
- (v) The national preference provided for by article 36 of the Procurement Code shall not apply.
- (vi) In addition to the provision of article 40 of the Procurement Code, the short list of bidders shall be subject to Prior Review by the Association.
- (vii) Each contract procured through direct contracting in accordance with article 42 of the Procurement Code shall be subject to Prior Review by the Association.
- (viii) The amount of the bidder's guarantee provided for in article 79 of the Procurement Code shall be determined as a percentage (1 to 2%) of the estimated cost of the contract.

- (ix) No representatives of the private sector or of the donors shall be included in the Recipient's committee for the bid evaluation and award (despite the provisions of Articles 3, 15 and 26 of the Recipient's *arrêté* 113 dated October 10, 2006).
- (x) The conditions of application of the various methods of procurement under the National Competitive Bidding shall be determined in the Procurement Plan (notwithstanding any contrary provisions of articles 5 and 7 of Recipient's *arrêté* 270/CAB/PM/ARMP dated October 24, 2007).

Annex 9: Economic and Financial Analysis

NIGER: COMMUNITY ACTION PROGRAM (CDD Niger - CAP-2)

1. **Cost-benefit analysis:** For various reasons, this type of project does not easily lend itself to an economic analysis. First, the benefits associated with activities such as "capacity building" (support for local governments and communities) can not be quantified in monetary terms. Second, given its demand-driven nature, ex-ante analysis and rate of returns analyses cannot be achieved at-entry. Thirdly, many non-monetary benefits associated with the type of investments financed by the project such as land and natural resource management, education, health are equally difficult to quantify.
2. However, drawing from lessons learned during the implementation of CAP-1, a general analysis of the profitability of agricultural and pastoral farm a (stemming from an evaluation of the RDS- Action Plan), and specifically a return on investment analysis which was carried out on income-generating activities financed during the implementation of CAP-1, has been proposed for this operation. The types of investment used for these analyses are likely to be carried out in the second phase. The above-referenced analyses provide a good indication of the economic benefits associated with project.

The case of Agricultural Activities as implemented through the RDS's Program No. 10.

3. First, it should first be noted that cash flows for farm activities are determined on the basis of investment, expenses and income estimates. The flows were analyzed through the Net Present Value (NPV) and internal rate of return (IRR). Capital expenditures include costs associated with the acquisition of waterworks, exhaust system, tillage equipment and soil preparation, store and fencing. Amortization is projected over 20 years on a straight-line basis and funded by borrowing at the rate of 12%. The average rate is equal to that which is charged by the national banking system. The selected investments will be renewed every 3 years and amortized over the same period. Bank loans will be repaid with equal annual installments with a delay of at least one year.
4. Operating expenses include the cost of borrowed capital for financing the initial investment, including equipment for labor and transport, working capital, labor cost, the acquisition of inputs, including seeds, fertilizers and pesticides, operational cost and acquisition of small equipment. Yearly renewable costs include, among other things, wheelbarrows, rakes, boots, buckets, hoes, seeding hoes, raincoats and gloves. As part of national policy to promote the private sector, farmers will be tax-exempt on earnings over the first five years, but the Value Added Tax (VAT) on inputs and small equipments, considered as consumables is taken into consideration in this analysis. Individual operators' turnover stems from the sale of farm products, based on a production scheme of 60% the first year, 80% the second year and an increase of 10% per year until the peak year (fifth year). Based on the parameters outlined above, the following results were obtained for all farms and per region.

Table 1. Financial analysis of agricultural farms per region

<i>REGIONS</i>	<i>NPV</i>	<i>IRR</i>
AGADEZ	25 932 469 616	23%
Maradi	20 548 884 150	22%
Tillabéri	21 775 989 672	27%
Dosso	97 444 410 881	78%
Tahoua	48 464 082 973	39%
Zinder	67 532 388 484	59%
Niamey	1 238 349 756	23%
Diffa	13 089 019 178	17%
TOTAL	296 025 594 710	36%

Source: *Cost benefit analysis of RDS Action Plan*

5. The planned investment will generate wealth in the amount of 296,025,594,710 FCFA over ten years and an IRR of 36%, based on best –case scenario. By applying a correlation coefficient of 1.5, the IRR is reduced to 24% for the medium-case assumptions which is more judicious.

The Case of Agro-pastoral Activities of the RDS’s Program No. 10

6. The structure of agro-pastoral farms is based on an optimal combination between agriculture and livestock on the same farm with irrigated crops, with a combination of full or partial milk production systems, feedlots, poultry, aquaculture and unconventional livestock. The minimum reference unit for the return on investment analysis is 5 ha. As in the case of agricultural farms, cash flows of agro-pastoralist farms are determined on the basis of investment, expenses and income forecast for the retained reference unit. Investments include production infrastructure (fencing, stables, drinking bowls, feeding bowls, housing areas, water basins, cages, etc.). These investments will be amortized over eight (8) years. The animals will be written off after ten (10) years; Fodder production infrastructures will be amortized over a period of ten (10) years. Other production factors and investments will be repaid through equal annual installments at an interest rate of 12%.

7. Operating expenses include fixed and variable costs per production/reference unit. As in the case of agricultural farms, the farmer will be exempt from the payment of income taxes on industrial and commercial profits during the first five years. The turnover will be mainly from the sale of milk, bulls, reformed male and female breeding herd, manure, poultry, fish and wildlife products. Using the above-described criteria, the analysis yielded an IRR of 27% for a 5-hectare farm. Thus, the rate of return on investment (27%) clearly made up for the cost of borrowing (12%). The IRR may reach 58% in certain regions, as shown in the table below.

Table 2. Financial analysis of agro-pastoral farms per region.

REGION	NPV	IRR
Agadez	5 615 984 342	26%
Diffa	7 233 641 629	19%
Dosso	22 494 481 478	58%
Maradi	17 021 462 243	44%
Tahoua	21 814 592 517	39%
Tillabéri	8 063 026 157	28%
Zinder	23 327 850 842	53%
Niamey	1 047 561 146	29%
TOTAL	106 618 600 353	37%

Source: Cost benefit analysis of RDS action Plan

8. The planned investment will generate a wealth of 106,618,600,353 FCFA over ten years and a 37% IRR. By applying the correlation coefficient, the IRR is 24.66%.

9. Establishing estimated operating and the cash flow analysis indicates an overall profitability of the program, ranging from 24% for agricultural farms to 25% for agro-pastoral farms at the end of the tenth year. This return on investment will be reviewed and adjusted periodically. By way of comparison, a recent study on the development and management of investments made under the Special Program, which is sponsored by the Government, shows that the internal rate of return (IRR) is between 22% and 46% for irrigated sites, which confirms the overall consistency for the above-described results. This performance, although requiring self-financing and sustained investment on the part of the farmers, confirms the economic and financial profitability of the programme.

10. These results show that these investments can yield substantial additional revenues and stimulate a real accumulation of wealth. The monetary value of the grain equivalent of the structural deficit, or 300000 tons of grain, accounts for between 45 billion and 60 billion CFA francs. These amounts represent approximately 5% and 7% of the wealth produced by the farms. The reform of rural taxation is a key to the success of the program and will eventually achieve more meaningful results. This is the reason why tax incentives must be granted to ensure lasting recovery of the rural economy. In addition, a fair and equitable distribution of agricultural products will generate positive impacts on the rural populations' living conditions. Once these parameters are present, land-related activities will become more valuable, and lead to renewed economic growth and ensure better food security for Niger's population.

The Case of micro-projects financed during the implementation of CAP-1

11. The study carried out under CAP-1 on the return on investment for income-generating activities showed that 42% of micro-projects have good economic and financial rates of return, 18% moderate, while 40% are marginal. In addition, 41% of all types of micro-projects provide enormous social benefits other than monetary profit margins and 19% strongly contribute to the restoration of the environment in addition to generating significant revenues. The results of the same study showed that all activities carried out by women have generated substantial benefits, when conditions were met by village clusters and the project prior to the investment.

12. The study on return on investment of specific micro-project types showed that for "agro-sylvo-pastoral" micro-projects, 34 out of 104 of those analyzed were profitable, while 21 are moderately profitable and 49 are not at all profitable at the time of evaluation. The rate of profitability was reduced as a result of selling back at moderate prices, weak mastery of the technical steps and the untimely start of the activities. In contrast, 17 of 23 NRM micro-projects evaluated are profitable, or 74%, while 2 (9%) are moderately profitable and 4 (17%) were not at all profitable. Finally, 7 of 9 small trade/craft micro-projects evaluated are profitable or 78%, while only one (11%) is moderately profitable and an equal number unprofitable.

13. The study found that in general environmental management micro-projects are more economically viable and provide more benefits in the medium and long terms. This category is followed by production, processing and conservation of agro-pastoral products. Small trade/craft micro-projects provide immediate benefits if properly managed. Their sustainability is uncertain because the working capital is not easily replenished.

14. By contrast, micro-projects for cereal banks, agricultural inputs banks, and zootechnic inputs banks could not provide enough profit to pay back the investment because of the high cost of buying prices for products and reduced selling prices (almost 50% loss in some cases) for village cluster management committees which decided not to sell higher than the local market prices.

15. Small-scale sheep husbandry and dairy farming (goat) are economically viable and appropriate for the context, but women's poverty is an obstacle to its development. Given the poverty level, and the contribution of this type of micro-projects to household food security, the study recommends that such activities are further promoted throughout the country. With respect to animal fattening (sheep and cattle), the beneficiaries (the majority of them are women) are ready to continue in this line albeit with stricter monitoring of technical routes. In passing, fattening is profitable only if one sticks to three-month cycles, beyond that, the activity is running at a loss.

16. Dye batik is a very lucrative investment, but it is advised that further review of the operational device be conducted in order to reduce operating expenses while increasing investments. Embroidery is well mastered by women who, for that reason, are organized around female workshops given the enthusiastic support for this activity; setting up commercial outlets would increase demand and profits substantially.

17. Micro-projects for household waste management were equally important because, until the communes are well equipped to collect household waste, micro-projects for the collection thereof, which were initiated by CAP, was overdue in urban centers. However, the modus operandi should be harmonized in order to design a more appropriate business model for women.

18. Factors of profitability include beneficiaries' discipline, their qualifications and rigor of village clusters' management committees, which conduct regular monitoring activities, despite the fact that these activities rely heavily on volunteering. Externally, micro-projects' profitability is based on the availability of local labor, local markets, growing demands, and incidentally monopoly (lack of competition). In contrast, the lack of profitability is mainly the result of weak management (to sell below purchase price, distribution of cash to the management committee members in the form of compensation, irrational use of feeds in the case of cattle fattening, etc.) by the management committees. The study found that contracts for the supply of products (cereal banks, agricultural inputs banks) were awarded without any concern for profitability and by inexperienced members who ignored procurement procedures, but also because of interference from project staff that identified local suppliers. Delays in delivery are also a factor that handicapped the profitability of these micro-projects.

19. In addition, the reviewers identified some non-monetary benefits. In fact, every micro-project contribute to the security of individuals and households; the agricultural inputs banks contributes to regulate prices for some commodities (vegetable seeds, pesticides, fertilizers) in the local market in addition to acting as a proximity service; there is a significant increase in safety in the city because of the collection of garbage; livestock breeding contributes significantly to household food security (mostly children) through the milk produced by heifers.

Annex 10: Safeguard Policy Issues

NIGER: COMMUNITY ACTION PROGRAM (CDD Niger - CAP-2)

Environmental and Social Considerations

1. From an environmental and social safeguard point of view, the CAP is a Category B project. This categorization is derived from the fact that the environmental and social impacts of the project are expected to be minimal, site-specific and manageable to an accepted level. There are two World Bank Safeguard policies applicable to the project: Environmental Assessment (OP 4.01) and Involuntary Resettlement (OP 4.12).
2. The project land and natural resource management related activities (Bio Carbon initiative) should lead to an improved environmental situation and thus provide a net benefit with respect to environmental impact. For the second phase activities, the project built on and updated the existing ESMF. Two new safeguard instruments, namely a Resettlement Policy Framework (RPF) and a Process Framework (PF), have also been prepared to address issues related to the triggering of OP 4.12. These include the potential for land acquisition and/or loss of economic activities, as well as restriction of access on the part of individuals or group of individuals in project intervention area.
3. The ESMF formulated standards methods and procedures specifying how unidentified future subprojects, whose location are unknown, will systematically address environmental and social issues in the screening and categorization, sitting, design, implementation, operational phases and maintenance of the subproject lifecycle. Also outlined in this framework are guidelines for dealing with pest and pesticides management issues resulting from project efforts to increase agricultural productivity.
4. The RPF and PF, on the other hand, looked into the policy, legal and regulatory mechanisms on how to address cases of land acquisition, loss of livelihoods, and restriction of access in protected areas, on the part of affected people, as a result of project activities. They also provide a coherent framework, eligibility criteria and asset valuation methods for compensation and/or resettlement of affected people, as well as grievance mechanisms of affected persons, in case of unsatisfactory arrangements between the parties involved.
5. Together, these safeguard instruments, are considered both as a planning tool and a means for a harmonious integration of the project in its bio-physical and socio-economic environment and as a way to maximize positive effects on the same environment. The ESMF, RPF and PF include institutional arrangements, outlining the roles and responsibilities for the various stakeholder groups involved, for screening, review and approval of sub-projects, as well as implementation and monitoring of their mitigation measures. Notwithstanding the reasonable institutional capacity to addressing project safeguard aspects adequately, given several years of relative satisfactory implementation of Phase 1 of the CAP, these safeguard instruments, together, include provisions to strengthening further the capacity of the various institutions and key stakeholders involved, as well as promoting coordination and synergy among the various sectors, in attending to the potential environmental and social impacts.

Safeguards-related Impacts and Mitigation/Management Plans

Main Negative environmental impacts and their mitigation measures

6. The main negative environmental impacts include, but are not limited to the following:

Potential Impacts	Mitigation Measures
<ul style="list-style-type: none"> • Loss of biodiversity both fauna and flora due to deforestation and land clearing • Increase incidence of poaching to access roads • soil erosion and degradation; • sedimentation of water bodies due to lack or improper borrow pits rehabilitation; • improper construction-related solid waste management and health care-related waste management; • Noise pollution due to operating machinery; • Air pollution due to dust and smoke emanating from machinery during civil works; • Increase in the prevalence of HIV/AIDS and STDs at construction sites and at the enterprise base • Land acquisition; loss of livelihood and economic activities on the part of project affected people (PAPs) • Risks of increase of STDs and/or HIV/AIDS prevalence at work sites • Proliferation of vector borne diseases, as a result of irrigation schemes 	<ul style="list-style-type: none"> • Tree planting to compensate excessive loss of flora; rehabilitate barrow pits in such way that they permit fast growing of vegetal cover • Prohibit workers from poaching; increase surveillance of wild animals; • Include environment clauses in bidding documents and ensure they are strictly implemented; ensure control missions monitor implementation of those clauses; • Ensure enterprise possesses a good waste management plan for used machinery oil, and other types of wastes at civil work sites; ensure health care-related wastes are management using guidelines and provisions of the national MWMP. Partner with Ministry of Health in implementing such provisions. • Spray sites; ensure workers use protected gears • Local communities, small businesses, sex workers and employees sensitization campaigns, pamphlets, condom distribution. • Clear assessment of their number of PAPs and their loss; resettlement/compensation of affected people, use of grievance mechanisms in case of disagreement on the measures between the parties. • Sensitization of local communities, businesses and construction workers; distribution of condoms to construction workers; • follow malaria control measures, as guided by Ministry of Health (use of impregnated bed-nets, Indoor Residual Spraying, when applicable in the vicinity of irrigation perimeters)

Public Consultation and Disclosure

7. These safeguard instruments were prepared by the "Comité inter ministériel" and local consultants, following a broad-based consultation framework, involving all relevant stakeholder groups (Mayors, Sector ministries staff, inter ministries committee members, local NGOs, local and communal organization representatives, etc.). This participatory approach will continue and will be carried out throughout project implementation.

8. All instruments were cleared and disclosed in the country and at the World Bank Infoshop, prior to the project appraisal. Prior to disclosure in-country and at World Bank Infoshop, a stakeholders' workshop was organized by the CCN. This approach was used to share the results of the updating studies results, mainstreaming ownership and seeking input from these stakeholders in order to improve quality and soundness of the of the instruments. Recommendations from both ASPEN and stakeholders workshop have been reflected in the final safeguard reports, prior to disclosure. These recommendations and relevant provisions from the three set of report will be reflected in Project Implementation Manual (PIM).

Monitoring and Supervision of Safeguards Performance

9. To insure a successful implementation of the project safeguard requirements and performance measurement requires regular monitoring and evaluation of activities undertaken by the project to comply with national and World Bank safeguard policies. To do so, the following indicators need to be measured, as part of the project global monitoring plan:

- Number of sub-projects screened on environmental and social safeguard;
- Number of subproject needing specific Environmental and Social Impact Assessment (ESIA);
- Number of ESIA's and/or Resettlement Action Plans (RAPs), prepared and implemented according to schedule at communal level;
- Number/ Frequency of Safeguard supervision and annual project reviews undertaken;
- Number training programs provided out for safeguard capacity strengthening; and
- Number of institutions/organizations or stakeholder groups trained in accordance with specified measures identified in the EMP, RAP, or ESA, etc.

10. In addition, bio-physical and social changes (both negative and positive) from the baseline - such as changes in quality ground and surface water; changes in biodiversity both flora and fauna; land resource management, improvements in agricultural activities - in the natural environment in project intervention area should be measured, as part of the project global monitoring system.

Safeguards Requirements in Project Legal Documents

11. As will be specified in the Credit Agreement the Recipient shall implement the project in accordance with the guidelines, procedures, timetables, and other specifications set forth in the ESMF, RPF and PF.

12. Except as the Association shall agree in writing, the Recipient shall not abrogate, amend, repeal, suspend, waive, or otherwise fail to enforce the provisions of the safeguard instruments prepared in the context of the project, when in the opinion of the Association, it may adversely and materially affect the implementation of the project.

Annex 11: Project Preparation and Supervision
NIGER: COMMUNITY ACTION PROGRAM (CDD Niger - CAP-2)

1. *[All sub-sections must have a continuous paragraph numbering for the entire document per institutional standard.]*

	Planned	Actual
PCN review	April 15, 2008	02/28/2008
Initial PID to PIC	May 24, 2008	
Initial ISDS to PIC	May 24, 2008	
Appraisal	March 10, 2008	March 10-26, 2008
Negotiations	May 29-30, 2008	
Board/RVP approval	July 3, 2008	
Planned date of effectiveness	October 28, 2008	
Planned date of mid-term review		
Planned closing date		

Key institutions responsible for preparation of the project: Ministry of Agriculture Development, Ministry of Environment and the Fight against Desertification, Ministry of Interior, Security and Decentralization, and Ministry of Planning and Community Development.

Bank staff and consultants who worked on the project included:

Name	Title	Unit
Abdoulaye Touré	Senior Rural Development Specialist (TTL)	AFTAR
Emmanuel Nikiema	Environmental Specialist	AFTAR
Helene Bertaud	Sr. Counsel	LEGA
Wolfgang Chadab	Finance Officer	LOAFC
Abdul-Wahab Seyni	Social Safeguards	AFTCS
Taoufiq Bennouna	Sustainable Land Management	AFTEN
Amadou Oury Diallo	M&E and Institutional Specialist	FAO
Souleymane Fofana	Operation Officer	AFTAR
Amadou Konaré	Environmental Safeguards	AFTEN
Amadou Alassane	Agricultural Services Specialist	AFTAR
Rodrigue Djahlin	Community Development Specialist	AFTAR
Hadidia Dimba	Programme Assistant	AFMNE
Elisabeth Mekonnen	Programme Assistant	AFTAR
Ibrah Rahamane Sanoussi	Procurement Specialist	AFTPC
Mamadou Yaro	Senior Financial Management Specialist	AFTFM
Robert Yungu	Senior Resource Management Specialist	AFTPR
Christophe Crépin	Lead Environment Specialist	AFTEN

André Aquino	Biocarbon Fund	ENVCF
Ayi Klouvi	Agricultural Economist	AFTAR

Bank funds expended to date on project preparation:

1. Bank resources:
2. GEF resources:
3. FAO:
4. Total:

Estimated Approval and Supervision costs:

- (i) Remaining costs to approval: 0.00
- (ii) Estimated annual supervision cost: 90000

Annex 12: Documents in the Project File

NIGER: COMMUNITY ACTION PROGRAM (CDD Niger - CAP_2)

1. [*All sub-sections must have a continuous paragraph numbering for the entire document per institutional standard.*]

Annex 13: Statement of Loans and Credits

NIGER: COMMUNITY ACTION PROGRAM (CDD Niger - CAP_2)

Project ID	FY	Purpose	Original Amount in US\$ Millions				Cancel.	Undisb.	Difference between expected and actual disbursements	
			IBRD	IDA	SF	GEF			Orig.	Frm. Rev'd
P098963	2007	NE-Rural & Social Policy DPL 2 (FY07)	0.00	50.00	0.00	0.00	0.00	25.81	8.02	0.00
P096198	2007	NE-MS Demographic SIL (FY07)	0.00	10.00	0.00	0.00	0.00	10.01	-0.49	0.00
P083350	2006	NE-Inst Strngt & Hlth Sec Prgm (FY06)	0.00	35.00	0.00	0.00	0.00	29.25	6.17	0.00
P061209	2004	NE-Basic Education SIL (FY04)	0.00	30.00	36.29	0.00	0.00	8.29	5.23	-2.89
P074316	2004	NE-Financial Sec (FY04)	0.00	14.80	0.00	0.00	0.00	8.67	5.92	0.00
P071612	2003	NE-MultiSec STI/HIV/AIDS 2 (FY03)	0.00	25.00	0.00	0.00	0.00	7.72	5.05	-3.50
P065991	2003	NE-Com Action Prgm (FY03)	0.00	35.00	0.00	0.00	0.00	5.12	-2.13	0.00
P072996	2002	NE-Priv Irrigation Promotion SIL (FY02)	0.00	38.72	0.00	0.00	0.00	3.25	-4.51	-0.80
P061558	2001	NE-Water Sec SIL (FY01)	0.00	48.00	0.00	0.00	0.00	8.69	-8.74	-2.51
Total:			0.00	286.52	36.29	0.00	0.00	106.81	14.52	- 9.70

NIGER STATEMENT OF IFC's Held and Disbursed Portfolio In Millions of US Dollars

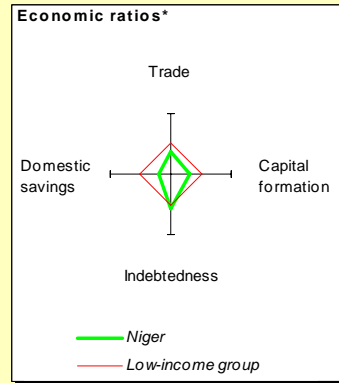
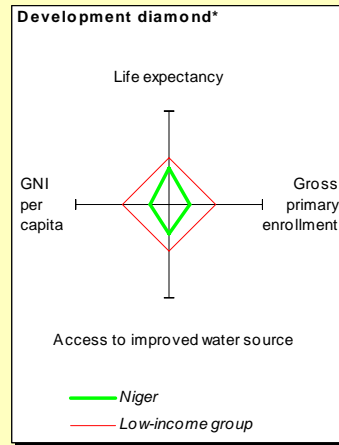
FY Approval	Company	Committed				Disbursed			
		IFC				IFC			
		Loan	Equity	Quasi	Partic.	Loan	Equity	Quasi	Partic.
Total portfolio:		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

FY Approval	Company	Approvals Pending Commitment			
		Loan	Equity	Quasi	Partic.
Total pending commitment:		0.00	0.00	0.00	0.00

Annex 14: Country at a Glance

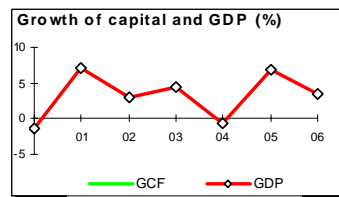
NIGER: COMMUNITY ACTION PROGRAM (CDD Niger - CAP_2)

POVERTY and SOCIAL	Niger	Sub-Saharan Africa	Low-income		
2006					
Population, mid-year (millions)	14.4	770	2,403		
GNI per capita (Atlas method, US\$)	260	842	650		
GNI (Atlas method, US\$ billions)	3.7	648	1,562		
Average annual growth, 2000-06					
Population (%)	3.4	2.4	19		
Labor force (%)	3.4	2.6	2.3		
Most recent estimate (latest year available, 2000-06)					
Poverty (% of population below national poverty line)	..	..	..
Urban population (% of total population)	17	36	30		
Life expectancy at birth (years)	45	47	59		
Infant mortality (per 1,000 live births)	150	96	75		
Child malnutrition (% of children under 5)	40	30	..		
Access to an improved water source (% of population)	46	56	75		
Literacy (% of population age 15+)	29	59	61		
Gross primary enrollment (% of school-age population)	47	92	102		
Male	54	98	108		
Female	39	86	96		
KEY ECONOMIC RATIOS and LONG-TERM TRENDS					
	1986	1996	2005	2006	
GDP (US\$ billions)	19	2.0	3.4	3.5	
Gross capital formation/GDP	116	9.7	18.5	..	
Exports of goods and services/GDP	20.0	16.9	15.1	..	
Gross domestic savings/GDP	10.9	3.1	9.3	..	
Gross national savings/GDP	15.5	0.4	
Current account balance/GDP	-6.5	-9.2	-11.0	-11.2	
Interest payments/GDP	2.5	0.5	0.4	..	
Total debt/GDP	74.3	76.6	58.0	..	
Total debt service/exports	38.9	16.3	6.6	..	
Present value of debt/GDP	22.6	..	
Present value of debt/exports	133.9	..	
	1986-96	1996-06	2005	2006	2006-10
<i>(average annual growth)</i>					
GDP	0.9	3.3	6.8	3.4	..
GDP per capita	-2.3	-0.2	3.3	0.1	..
Exports of goods and services	0.3



STRUCTURE of the ECONOMY

	1986	1996	2005	2006
<i>(% of GDP)</i>				
Agriculture	34.7	38.9	..	..
Industry	21.8	17.8	..	..
Manufacturing	7.7	6.5	..	..
Services	43.4	43.3	..	..
Household final consumption expenditure	77.8	85.6	79.2	..
General gov't final consumption expenditure	11.3	11.3	11.5	..
Imports of goods and services	20.7	23.5	24.3	..



	1986-96	1996-06	2005	2006
<i>(average annual growth)</i>				
Agriculture	2.1	3.4	..	..
Industry	-0.2	2.7	..	..
Manufacturing	0.6	3.8	..	..
Services	0.3	3.6	..	..
Household final consumption expenditure	0.6	..	..	..
General gov't final consumption expenditure	1.5	..	..	..
Gross capital formation	-7.7	..	..	..
Imports of goods and services	-5.4	..	..	..



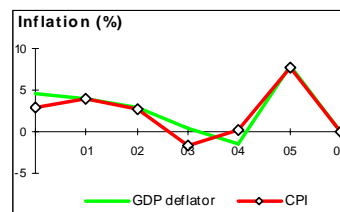
Note: 2006 data are preliminary estimates.

This table was produced from the Development Economics LDB database.

* The diamonds show four key indicators in the country (in bold) compared with its income-group average. If data are missing, the diamond will be incomplete.

PRICES and GOVERNMENT FINANCE

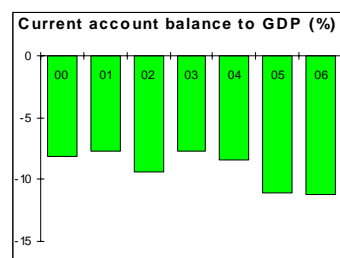
	1986	1996	2005	2006
Domestic prices				
<i>(% change)</i>				
Consumer prices	-3.2	5.3	7.8	0.0
Implicit GDP deflator	-4.2	4.7	8.0	0.0
Government finance				
<i>(% of GDP, includes current grants)</i>				
Current revenue	11.2	9.9	11.3	..
Current budget balance	-0.2	1.5	1.5	..
Overall surplus/deficit	-9.7	-3.0	-8.3	..

**TRADE**

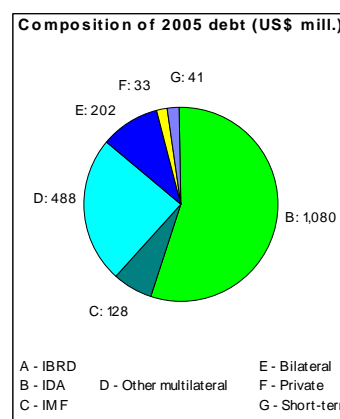
	1986	1996	2005	2006
<i>(US\$ millions)</i>				
Total exports (fob)	332	302	438	..
Uranium	256	137	128	..
Livestock products	30	44	71	..
Manufactures	..	..	..	..
Total imports (cif)	..	387	830	..
Food	..	19	217	..
Fuel and energy	..	32	106	..
Capital goods	..	56	159	..
Export price index (2000=100)	..	98	111	..
Import price index (2000=100)	..	79	117	..
Terms of trade (2000=100)	..	124	95	..

**BALANCE of PAYMENTS**

	1986	1996	2005	2006
<i>(US\$ millions)</i>				
Exports of goods and services	332	337	500	..
Imports of goods and services	394	466	909	..
Resource balance	-63	-130	-409	..
Net income	..	-28	-9	-3
Net current transfers	105	-25	..	..
Current account balance	-123	-183	-375	-397
Financing items (net)	101	172	398	..
Changes in net reserves	23	11	-23	..
Memo:				
Reserves including gold (US\$ millions)	194	78	250	371
Conversion rate (DEC, local/US\$)	346.3	511.6	527.5	522.9

**EXTERNAL DEBT and RESOURCE FLOWS**

	1986	1996	2005	2006
<i>(US\$ millions)</i>				
Total debt outstanding and disbursed	1415	1522	1972	..
IBRD	0	0	0	0
IDA	191	609	1080	189
Total debt service	129	56	38	..
IBRD	0	0	0	0
IDA	2	9	7	13
Composition of net resource flows				
Official grants	139	155	354	..
Official creditors	85	33	119	..
Private creditors	28	-24	-7	..
Foreign direct investment (net inflows)	18	10	12	..
Portfolio equity (net inflows)	0	0	0	..
World Bank program				
Commitments	142	67	38	1
Disbursements	38	34	65	44
Principal repayments	1	5	1	8
Net flows	38	29	65	36
Interest payments	2	4	6	5
Net transfers	36	24	59	31



Note: This table was produced from the Development Economics LDB database.

9/28/07

Annex 15: Incremental Cost Analysis

NIGER: COMMUNITY ACTION PROGRAM (CDD Niger - PAC-2)

Global Environment Objectives and Expected Outcomes

1. The global environment objective of the proposed project is to reduce land degradation and promote sustainable land management (SLM) in Niger, leading to improved human well-being and increased provision and productivity of local and global ecosystem services such as agricultural production, increased vegetative cover on cropland and rangeland, and carbon sequestration. This objective will be achieved by components that (i) strengthen the capacity of the Government of Niger, regional and local governments and village communities to develop and implement policies and plans to promote SLM within their broader development strategies and plans; (ii) finance micro-projects promoting SLM within the broader set of micro-projects that will be supported by the second Community Action Program (CAP-2); and (iii) ensure adequate coordination, management, monitoring and evaluation of the project's activities, outputs, outcomes and impacts, including those related to SLM. The Second Community Action Program will be financed with a US\$30 million IDA grant, a US\$4.67 million grant from the GEF, and US\$6.6 million contribution from the Government of Niger (GoN) and US\$3.7 million from Beneficiaries.

2. It is expected that the implementation of SLM interventions proposed under CAP-2 will help to promote adoption of SLM practices and reverse land degradation, leading to increased agricultural productivity; increased vegetative cover of cropland and rangeland; increased carbon sequestration in biomass and soil carbon; reduced trans-boundary costs of land degradation (e.g., sedimentation of watercourses, damage caused by wind erosion and sandstorms, migration and conflicts); improved capacity to implement SLM strategies, plans and activities; improved capacity to adapt to and mitigate climate change; and improved human welfare. The project will also strengthen knowledge about how to effectively scale up SLM capacity, adoption and impacts.

Fit with GEF Strategies and the SIP

3. This project incorporates the principles set out in Strategic Program 1 of the GEF Land Degradation Focal Area Strategy, as well as the principles agreed amongst partners in the SIP Program Brief. In accordance with the GEF Land Degradation strategy, the focus of this operation is to mainstream and upscale sustainable practices among land users using a proven demand-driven delivery mechanism that will provide (i) an enabling environment for SLM; (ii) strengthen relevant institutions, (iii) an avenue for up-scaling successful land management strategies at the commune level; (iv) make investments based on the principles of integrated ecosystem management. These objectives contribute largely to the SIP intermediate results 1, 2, and 4. The proposed activities reveal the project consistency with both the SIP strategic objectives 1 and 2.

GEF incremental analysis

4. **Baseline Scenario:** The baseline interventions under CAP-2 are a continuation of the type of interventions pursued under CAP-1, which mostly focused on (a) strengthening capacity of the GoN and regional and local governments to define and implement the rural development strategy through decentralized local development plans; (b) co-financing local development funds (micro-projects) prioritized by the local development plans mostly related to socio-economic infrastructure and economically productive activities (e.g., micro-projects financing construction of town centers, schools, water sources, cereal banks, and animal fattening); and (c) coordination, management and monitoring and evaluation (M&E) of these activities. Although some SLM activities were pursued under CAP-1 and would likely continue under CAP-2 in the baseline scenario, these were not a major focus of CAP-1 and would likely continue to have limited support in CAP-2 in the baseline scenario.

5. **GEF Alternative Scenario**⁵: The added value of the GEF's involvement in CAP-2 will be to catalyze a paradigm shift to an approach that complements the economic and social dimensions of the rural development strategy and local development plans with increased focus on SLM, contributing to increased local and global provision of ecosystem services and environmental benefits. This paradigm shift will emphasize the following: (a) strong country ownership and a shared vision; (b) national and local government and community leadership in project development; (c) a holistic approach—because the problem of land degradation is multi-faceted and multi-disciplinary—and therefore requiring an integrated approach; (d) building on existing knowledge and best practices; (e) strengthening stakeholder participation in project development and implementation; and (f) harmonization and alignment of interventions financed by the Government and its development partners.

6. GEF financing will specifically target, in a complementary way, the following “GEF incremental actions”:

Component 1- Capacity Building: The component aims to strengthen both the administrative, technical and fiscal capacities of 54 additional selected communes and to improve the institutional and legal framework for participatory local development.

Specifically the incremental activities will result in strengthening the capacity of the GoN, regional and local governments and villages to develop and implement policies and plans to promote SLM within their broader development strategies and plans, by supporting capacity for development and implementation of the SLM Country Strategic Investment Framework (CSIF), elaboration of a national SLM knowledge base, elaboration of land use and natural resource management plans at regional level, strengthening technical capacities of communes and villages to implement SLM plans, strengthening technical support services on SLM, strengthening awareness, communication and knowledge management to support SLM scaling up, and improving land tenure security through support to the Rural Code secretariat and strengthening capacity of land tenure committees.

⁵ Because the GEF financing is fully mainstreamed, the GEF alternative scenario comprises the baseline actions augmented with additional interventions to achieve both national and global environment benefits. Only the additional interventions are discussed in this section.

Key GEF outputs: 1. Selected targeted communes will (i) design /update their CDP according to the National Planning Guide, (ii) use the RDS methodological guide to plan SLM activities and (iii) set up adequate measures to ensure sustainability of micro projects (management committees, maintenance fund and technical assistance contracts). 2. Private and public service providers in selected targeted communes are trained in Natural Resource Management and Sustainable Land Management. 3. 100% of micro projects are in compliance with environmental and social safeguards in the selected targeted communes. 4. Selected communes within which community land tenure commissions are set up and are delivering land titles will be increased.

Component 2- Local Development Funds: This component aims to stimulate local development and to empower communes and communities to provide a response to their priority needs. The incremental activities within the component will provide support to planning and implementation of SLM micro-projects, requiring that 35 percent of micro-project funds will be allocated to SLM micro-projects and increasing support to SLM micro-projects in a manner commensurate with the support provided to other CAP-1 micro-projects.

Key GEF outputs: 1. Selected communes will show more than 80% of micro-projects implemented in compliance with financing agreements. 2. 50% of the population in selected communes are aware of communes priority activities, budget and resource management. 3. Selected targeted communes will mobilize more than 30% of internal and other resources to co-finance the AIP

Component 3- Project Coordination, Management and M&E: The project will support improved coordination, management and monitoring and evaluation of SLM activities at the national, regional and local levels. Among the incremental actions that will be taken include providing support for a full time SLM CAP-2 coordinator, financing the National SLM Steering Committee, providing technical assistance to a SLM Support Unit, facilitating the appointment of a SLM coordinator within the Ministry of Environment, supporting local M&E agents for the project trained in assessing SLM activities, and preparing specific sections of the operational and M&E manuals to guide implementation of SLM activities.

The project component cost breakdown is as follows:

Components/subcomponent	GEF	IDA	Govt.	Beneficiaries	Total
1. Capacity Building	1.16	6.47	0	0	7.63
2. Local Development Funds	3.0	18.5	6.6	3.7	31.8
3. Project Coordination, Management and M&E	0.51	5.03	0	0	5.54
Total	4.67	30.0	6.6	3.7	44.97

Incremental Costs

The incremental costs are calculated as the difference between the GEF alternative scenario and the IDA baseline scenario. The results are reported in the matrix below.

Incremental Costs Matrix

Component 1	Category	Costs (US\$)	Local Benefit	Global Benefit
Capacity-Building	Baseline	6.47 IDA: 6.47	Increased capacity of national and local governments and villages to develop and implement development strategies and plans.	Possible, minor global environmental benefits thanks to improved capacity in informed decision-making in the SLM sector
	With GEF Alternative	7.63 IDA: 6.47 GEF: 1.16	Increased capacity of national and local governments and villages to incorporate and effectively implement SLM activities in their development strategies and plans. Increased capacity to adapt to climate risk Increased awareness and knowledge about SLM practices and effectiveness in scaling up these practices Increased land tenure security promoting SLM	Improved knowledge on natural resource base is the prerequisite for SLM and will create global environmental benefits such as: Increased sequestration of soil and biomass carbon. Reduced trans-boundary costs due to soil wind and water erosion Improved knowledge about how to effectively scale up SLM practices
	Increment	1.16		
Component 2	Category	Costs(US\$)	Local Benefit	Global Benefit
Local development funds	Baseline	28.8 IDA: 18.5 GoN: 6.6 BN: 3.7	Improved access to socio-economic infrastructure and productive opportunities Increased incomes and human welfare.	Global environmental benefits non significant

	With GEF Alternative	31.8 IDA: 18.5, GEF: 3.0 GoN: 6.6 Ben: 3.7	Increased investment in SLM activities Increased adoption of SLM practices Increased agricultural productivity, vegetative cover, and local ecosystem services	Increased availability of SLM, and improved agroforestry and forest product extraction technologies for dissemination. Significant advance in knowledge and technology generation for SLM will create significant global environmental benefits such as the protection of globally important ecosystems biodiversity conservation, improved carbon sequestration and avoided carbon emissions.
	Increment	3.0		
Component 3	Category	Estimated Expenditures (US\$)	Local Benefit	Global Benefit
Project Management, Coordination and Monitoring	Baseline	5.03 IDA: 5.03	M&E system to monitor baseline activities	Limited knowledge of land degradation, and ecosystem dynamics due to limited monitoring of ecosystem and land degradation processes
	With GEF Alternative	5.54 IDA: 5.03 GEF: 0.51	Increased coordination, management and M&E capacity related to SLM activities Comprehensive mechanism for monitoring of SLM and land degradation processes and trends made more effective	Significant contribution in quantifying the impact of SLM on global environmental benefits
	Increment	0.51		
TOTAL	Baseline	40.30 IDA: 30 GoN: 6.6 Ben: 3.7		
	With GEF Alternative	44.97 IDA: 30.0 GoN: 6.6 Ben: 3.7 GEF: 4.67		
	Increment	4.67		

Annex 16: Maps

NIGER: COMMUNITY ACTION PROGRAM (CDD Niger - CAP-2)